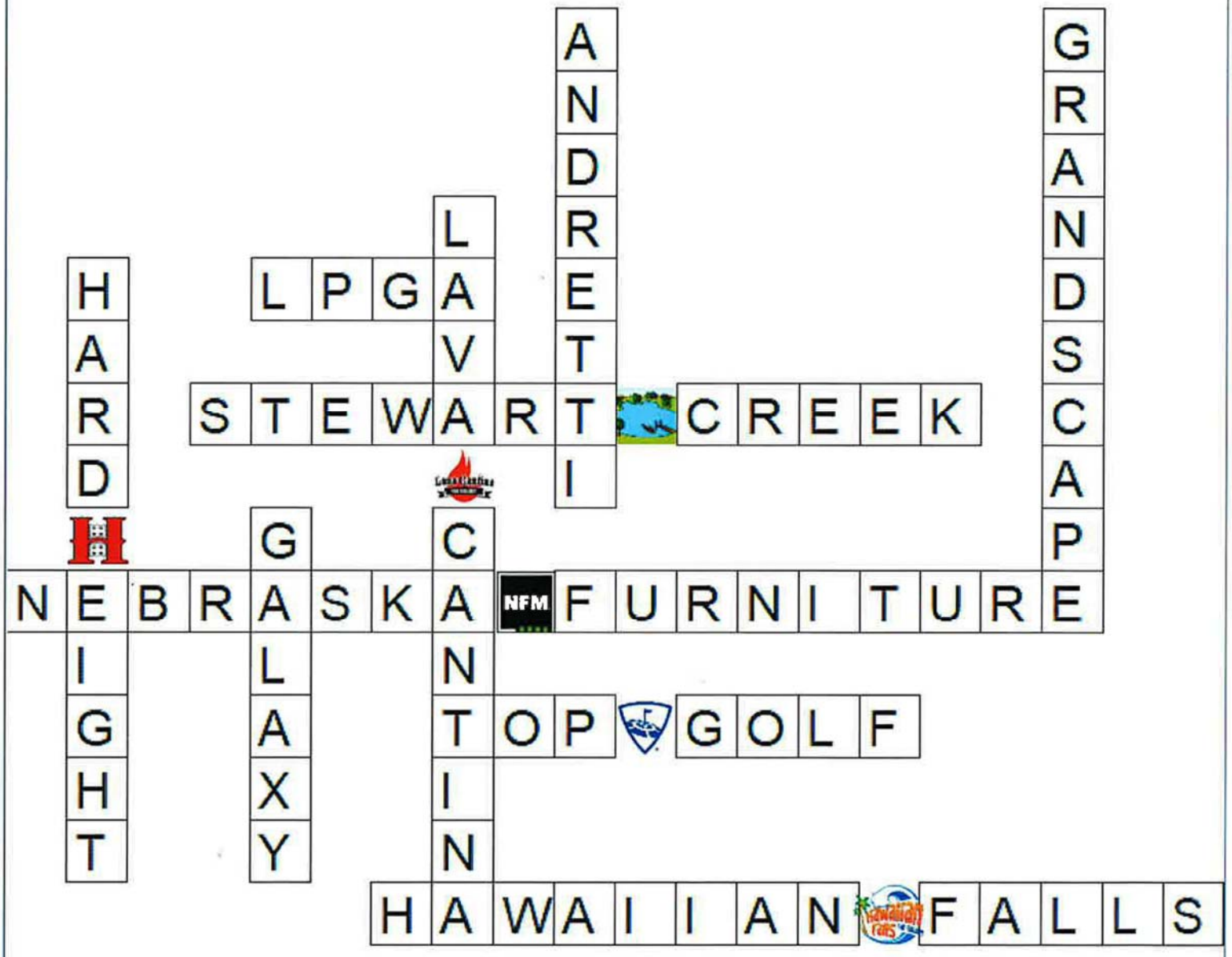
THE COLONY, TX



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2021

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

As Prepared By

The Finance Department

David Cranford, Director

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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THE
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City by the Lake

INTRODUCTORY SECTION

THE
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City by the Lake

March 30, 2022

The Honorable Mayor and Members of the City Council
City of The Colony, Texas

The Finance Department of the City of The Colony is pleased to submit the Annual Comprehensive Financial Report of the City of The Colony, Texas, for the fiscal year ended September 30, 2021.

This report is published to provide the City Council, Management Staff, our Citizens and other interested parties with detailed information concerning the financial condition and performance of the City Government. Responsibility for the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the City of The Colony.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

THE REPORT

The Financial Section includes the Management's Discussion and Analysis (MD&A) and basic financial statements. This section also includes the auditor's report on the basic financial statements. The MD&A provides narrative introduction, overview, and analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes selected tables of comparative economic and financial data, generally presented on a multi-year basis, as well as demographic and other pertinent miscellaneous and operational statistics.

The Financial Statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB), The National Council on Governmental Accounting (NCGA), and the American Institute of Certified Public Accountants (AICPA). The financial statements have been audited by the independent accounting firm of Certified Public Accountants, Weaver and Tidwell, L.L.P., whose report is included herein.

POPULATION

The City's population has grown steadily since the early 2000's and is currently estimated at 55,000. Most recent residential growth is due to continued development at the Tribute (formerly known as Wynnwood Peninsula) and Austin Ranch just south of SH121.

The City's 2020 Ad Valorem tax base increased from the prior year by a little over 8% or $449 million to $5.616 billion.

Sales tax revenues in the General Fund increased by $2.3 million or 31% from the previous year due to more economic activity after the pandemic and mandated lockdowns. Sales tax represents approximately 16% of the City's General Fund total income.

Water and sewer revenues in 2020-2021 increased by about $1.8 million dollars to $21 million due primarily to drier summer months resulting in more water usage. The prior year, 2019-2020, also had more usage from residence being at home under statewide lockdown mandates.

Ad Valorem Tax Rate

Ad Valorem tax rate was reduced from $.655 to $.6600 per $100 valuation for fiscal year 2020-21. Council's expectation is to continue to reduce the tax rate as additional revenues from growth and increased property valuations permit.

Fund Balance - General Fund

Reserves in the General Fund increased by a little over $3.7 million from the prior fiscal year to a little over $22.9 million or 223 operating days. Council's goal is 90 days.

Fund Balance - Utility Fund

Utility Fund reserves increased by about $16K during the fiscal year to just over $6.54 million or 112 operating days. Council's goal is 60 days.

PROSPECT FOR THE FUTURE

The Colony's prospects for the future are promising and very optimistic. Most recent economic drivers are:

Completion of Sam Rayburn Tollway (formerly known as State Highway 121) in fiscal year 2019, provides easy access to the north entrance of the DFW International Airport. The Tollway also provides easy access to Dallas and George Bush Tollways and Interstate 75, making access to most of the Metroplex easy. With the pandemic coming to an end, the City is expecting more economic activity.

The Nebraska Furniture Mart TIRZ was established November 2011 for a 433 acre $1.5 billion Grandscape development. The Nebraska Furniture Mart store, the anchor store of the development, opened in early March 2015.

In June 2020, Scheels opened the largest sporting goods store in the World offering 85 specialty shops. Numerous restaurants and a hotel have also located in the Zone. On the north side of SH121, in The Colony and across from Grandscape, Rooms To Go, Mattress Firm, and Floor and Décor have opened. Other new commercial development on the north side of SH121 in the City include Topgolf, numerous hotels, a medical office building, couple of shopping centers, and several restaurants and other businesses. Business activity has brought numerous jobs to the City. The Nebraska Furniture Mart store itself employs around 1,800 people.

The widening of FM 423 (Main Street) to a 6 and 8 lane divided street was completed in late 2017 and has significantly increased redevelopment along this vital corridor.

The Tribute, the only remaining sizeable residential development in the City, continues to increase the number of buildable lots. Housing permits have remained strong for the past couple of years and are expected to do so for the next several years.

FINANCIAL MANAGEMENT

The Colony continues to evaluate operating activity to help ensure services are provided as efficiently as possible. Service levels are reviewed in conjunction with revenues, expenses, and reserves to help ensure the best possible use is made of available resources.

Long-term Financial Planning

The budget process provides a road map for short-term and long-term needs and aids in the allocation of limited resources to prioritized services and needs. Each year a Capital Improvement Program is developed which helps gauge future funding priorities and is the foundation on which annual budgets are built. Revenues, expenses, and capital needs are projected for each of the five following years to identify service needs and financing available. Staff helps Council with the challenge of prioritizing and providing efficient and effective services to the community with current and future available funds.

As a combined effort, the City Manager's Office, Finance Director, and all departments monitor revenues and expenditures throughout the year. Appropriate actions are taken to control expenditures, and to make adjustments when revenues fall short of expectations.

Relevant Financial Policies

The City has strong financial management policies that provide the basis for the City's financial operations.

The City's goal is to always maintain at 80 operating days in unassigned fund balance for the general fund, and 60 operating days in water and sewer unrestricted net positions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Colony, Texas, for its annual comprehensive financial report for the fiscal year ended September 30, 2020. (This was the 30th consecutive year that The Colony has achieved this prestigious award.) In

order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA' s Distinguished Budget Presentation Award for its annual budget document for the year beginning October 1, 2020. The City has received the award annually since the budget year beginning on October 1, 1993. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to thank the Mayor and City Council for their interest and leadership in planning and conducting the financial operations of the City of The Colony in a responsible and progressive manner.

Respectfully submitted,

Troy Powell, City Manager

David Cranford, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Colony
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

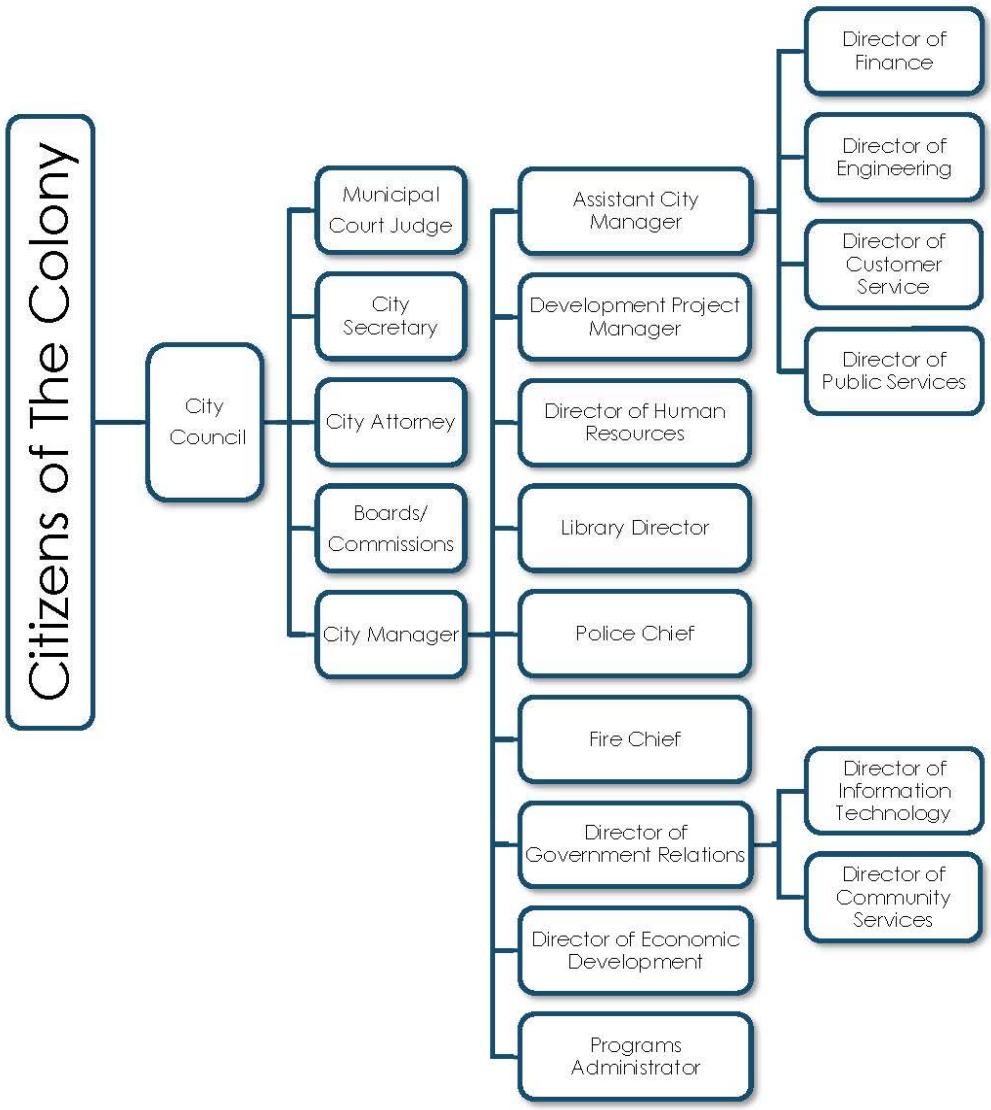
Executive Director/CEO

CITY OF THE COLONY, TEXAS

ORGANIZATIONAL CHART

SEPTEMBER 30, 2021

Staff Organization



CITY OF THE COLONY, TEXAS

CITY STAFF

SEPTEMBER 30, 2021

City Staff

City Manager's Office	Troy Powell, City Manager
City Manager's Office	Tim Miller, Assistant City Manager
City Manager's Office	Tod Maurina, Development Project Manager
City Manager's Office	Brant Shallenburger, Director of Government Relations
City Secretary's Office	Tina Stewart, City Secretary
Information Technology	Chris Vasquez, Director
Human Resources	Rodney Wallican, Director
Finance	David Cranford, Director
Public Services	Evan Groeschel, Director
Engineering	Ron Hartline, Director
Fire	Scott Thompson, Chief
Police	David Coulon, Chief
Municipal Court	Constance White, Court Administrator
Parks and Recreation/ Community Development	Pam Nelson, Director of Community Services
Economic Development	Keri Samford, Director
Library	Megan Charters, Director
Utility Administration/ Customer Services	Molly Owczar, Director

THE
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City by the Lake

FINANCIAL SECTION

THE
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City by the Lake

Independent Auditor's Report

To the Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, TMRS pension and OPEB schedules, and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor,
City Council, and City Manager
City of the Colony, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 30, 2022

THE
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City by the Lake

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE
COLONY
City by the Lake

CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The City of The Colony (the City) is providing this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2021. This Management's Discussion and Analysis (MD&A) provides additional information that was not contained in the Letter of Transmittal. Readers are advised to read both to gain understanding of the financial picture of the City. This discussion and analysis includes prior year data for comparison purposes.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded the City's total liabilities and deferred inflows of resources at the close of the fiscal year by $335,916,755. Of this amount $16,645,180 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $3,758,986 which was primarily due to developer contributions for both governmental and business-type activities and an increase of general fund operations.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $51,010,057, an increase of $5,695,551. The general fund reported an increase in fund balance of $3,712,008. The capital projects fund had an increase in fund balance of $1,114,147 primarily due to issuance of debt and contributions that exceeded capital outlay. Out of the $51,010,057 of fund balances in the governmental funds, $19,835,324 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $19,835,324 or 46.40% of total general fund expenditures.
- The City's non-current liabilities decreased by $2,294,360 (.8%) during the current fiscal year which included a reduction in certificate of obligation and general obligation bonds outstanding of $1,745,000 and an increase in OPEB liability of $234,639. The City issued $7,587,000 of certificates of obligation bonds during 2021.

Overview of the Financial Statements

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as incurred regardless of when cash is received or paid. Thus, revenues and expenses are reported on accrual basis even though cash flows occur in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation. The business-type activities of the City include water and sewerage operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, legally separate community development corporation, and a legally separate local development corporation, for which the City of The Colony is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported as governmental activities, including the general government, public safety, municipal court, public works, culture and recreation, planning and zoning, public improvements, and code enforcement. Taxes and intergovernmental revenues principally support these services.
- Business-type Activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. The business-type activities of the City include Water and Sewer Utility.
- Component Units – The City includes three separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, and The Colony Local Development Corporation in its report. Although they are legally separate, they are included as component units because the City is accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories:

1. **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

   Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

   The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Non-major governmental funds are aggregated in total.

   The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

2. **Proprietary funds** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered to be a major fund of the City.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. This MD&A is part of the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the close of the current fiscal year, the City's net position totaled $335,916,755.

The largest portion of the City's net position (91%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generate revenues to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used (primarily for debt service and infrastructure improvements). The remaining balance of net position ($16,645,180) may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 63,985,118	$ 51,607,978	$ 27,822,393	$ 33,254,450	$ 91,807,511	$ 84,862,428
Capital assets	247,733,677	247,063,688	154,277,982	152,990,170	402,011,659	400,053,858
Total assets	311,718,795	298,671,666	182,100,375	186,244,620	493,819,170	484,916,286
Deferred outflows of resources	4,368,028	4,121,829	1,213,970	1,289,387	5,581,998	5,411,216
Long-term liabilities outstanding	77,552,135	74,952,875	66,431,467	71,325,087	143,983,602	146,277,962
Other liabilities	12,892,698	6,365,621	3,795,973	2,497,182	16,688,671	8,862,803
Total liabilities	90,444,833	81,318,496	70,227,440	73,822,269	160,672,273	155,140,765
Deferred inflows of resources	2,446,440	2,635,685	365,700	393,283	2,812,140	3,028,968
Net position:						
Net investment in capital assets	200,374,394	198,340,131	105,104,226	105,088,143	305,478,620	303,428,274
Restricted	12,718,867	12,328,311	1,074,088	1,704,315	13,792,955	14,032,626
Unrestricted	10,102,289	8,170,872	6,542,891	6,525,997	16,645,180	14,696,869
Total net position	$ 223,195,550	$ 218,839,314	$ 112,721,205	$ 113,318,455	$ 335,916,755	$ 332,157,769

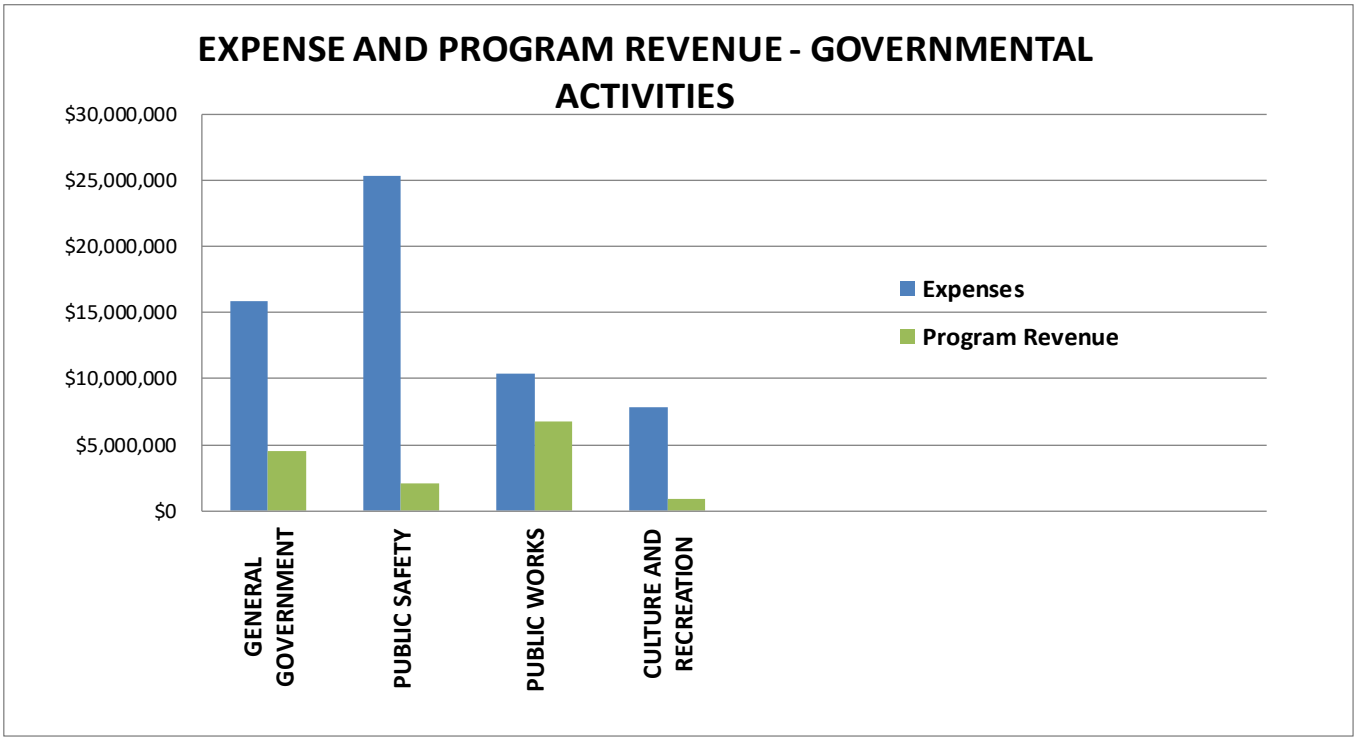
At the end of the current fiscal year, the City has positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by $3,758,986. Total assets increased by $8,902,884. Capital assets increased by $1,957,801, while current and other assets increased by $6,945,083.

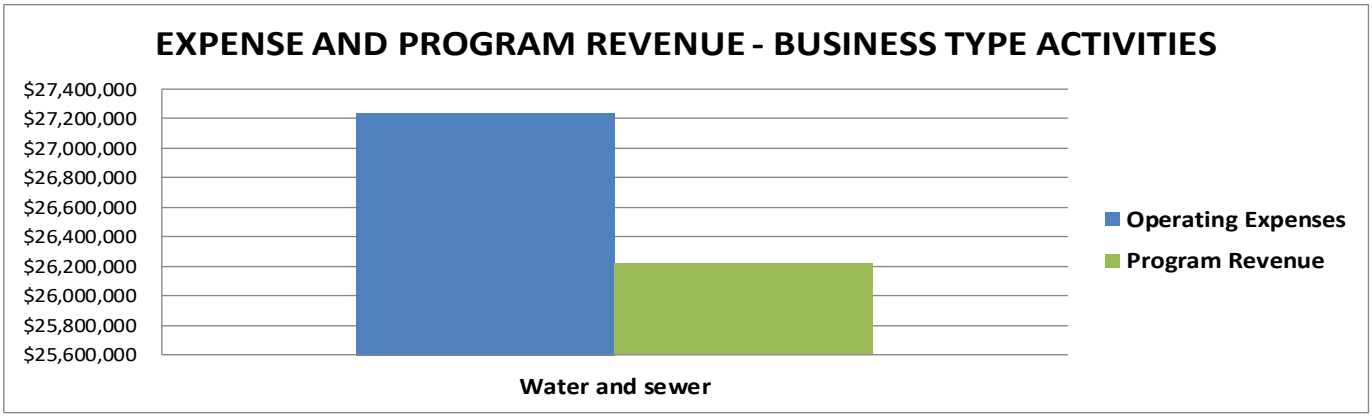
Change in Net Position

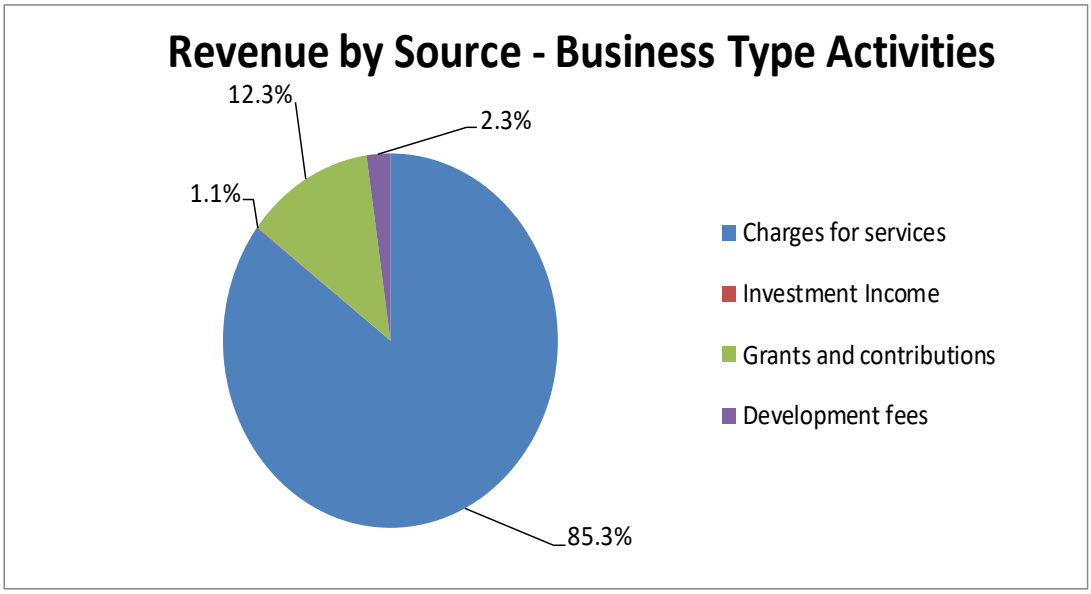
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 7,783,482	$ 6,381,544	$ 22,386,290	$ 20,656,614	$ 30,169,772	$ 27,038,158
Operating grants and contributions	352,792	2,779,572	-	-	352,792	2,779,572
Capital grants and contributions	6,233,192	5,086,196	3,836,581	2,283,690	10,069,773	7,369,886
General revenues:						
Property taxes	36,510,300	34,571,147	-	-	36,510,300	34,571,147
Sales taxes	9,721,676	7,442,947	-	-	9,721,676	7,442,947
Franchise taxes	2,517,283	2,765,433	-	-	2,517,283	2,765,433
Other taxes	1,044,987	849,664	-	-	1,044,987	849,664
Interest	123,312	429,498	20,069	247,099	143,381	676,597
Miscellaneous	1,715,059	1,236,307	-	-	1,715,059	1,236,307
Total revenues	66,002,083	61,542,308	26,242,940	23,187,403	92,245,023	84,729,711
Expenses:						
General government	15,835,564	14,646,729	-	-	15,835,564	14,646,729
Public safety	25,340,611	24,600,147	-	-	25,340,611	24,600,147
Public works	10,425,482	8,179,035	-	-	10,425,482	8,179,035
Culture and recreation	7,818,786	5,979,977	-	-	7,818,786	5,979,977
Interest on long-term debt	1,825,404	1,717,586	-	-	1,825,404	1,717,586
Water and sewer	-	-	27,240,190	23,452,375	27,240,190	23,452,375
Total expenses	61,245,847	55,123,474	27,240,190	23,452,375	88,486,037	78,575,849
Increase (decrease) in net position before transfers	4,756,236	6,418,834	(997,250)	(264,972)	3,758,986	6,153,862
Transfers	(400,000)	3,633	400,000	(3,633)	-	-
Increase (decrease) in net position	4,356,236	6,422,467	(597,250)	(268,605)	3,758,986	6,153,862
Beginning net position (October 1)	218,839,314	212,416,847	113,318,455	113,587,060	332,157,769	326,003,907
Ending net position (September 30)	$ 223,195,550	$ 218,839,314	$ 112,721,205	$ 113,318,455	$ 335,916,755	$ 332,157,769

Governmental Activities - Governmental activities increased the City's net position by $4,356,236 compared to an increase of $6,422,467 in the prior year primarily due to a $1,939,153 increase in property tax revenue and a $2,278,729 increase in sales tax.



Business-type Activities - Business-type activities decreased the City's net position by $597,250. The overall decrease in net position is primarily due to an operating loss of $2,653,909, as operating expenses increased by $3,740,319 while operating revenues increased by only $1,729,676.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $51,010,057 an increase of $5,695,551 in comparison with the prior year. Approximately 38.89% of this total amount ($19,835,324) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been committed, restricted, or is nonspendable for:

1. Capital projects ($20,344,096) including infrastructure projects to be funded with intergovernmental revenues,
2. Debt service ($3,442,104),
3. Development of the community ($1,072,965) including restrictions for the City's PID No. 1,
4. Storm drainage maintenance projects ($953,418),
5. To encourage tourism in the City ($2,769,180),
6. Various purposes ($609,374) including court technology, support for police, and child safety,
7. Committed for maintenance and enhancement projects for parks ($1,277,449),
8. Nonspendable inventory and prepaid items ($706,075).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $19,835,324. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 46.40% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund increased by $3,712,008 during the current fiscal year due to an excess of revenues over expenditures of $3,771,008; primarily due to a $2.3 million increase in sales tax taxes, the result of the strong economy, and a $1.7 million increase in property taxes, the result of increased assessed valuation of property.

The Debt Service Fund has a total fund balance of $3,442,104, all of which is restricted for the payment of debt service. The increase in fund balance during the current year in the Debt Service Fund was $1,282,706, the result of the increased assessed valuation of property mentioned above. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of $8,915,448 in the current fiscal year while debt service payments for principal and interest on debt were $7,636,487.

The Capital Projects Fund has a total fund balance of $20,344,312, with majority of fund balance as restricted for future expenditures of currently-approved capital items. The $1,114,147 increase in fund balance during the year was attributable to the net effect of the issuance of $7,587,000 of new bonds and capital outlay.

Proprietary funds. The City's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Operating revenues in the water and sewer fund totaled $22,386,290, an increase of $1,729,676 from the prior year due to an increase in water consumption. Operating expenses totaled $25,040,199, an increase of $3,740,319 due to increases in personnel, maintenance and contractual services costs.

General Fund Budgetary Highlights

During the year, there was a slight increase in appropriations of $200,099 between the original and final budget. Overall, revenues had a $5,466,508 positive variance primarily due to receiving more sales tax revenue due to the effects of more activity. There was a favorable variance of $2,544,185 between final budget and actual expenditures which was primarily due to cost savings experienced in several departments.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to $402,011,659 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, water and sewer system infrastructure improvements, machinery and equipment, park facilities, and roads. The City's overall investment in capital assets for the current fiscal year stayed consistent for governmental and business-type activities with depreciation expense of $15,466,584 being consistent with the capital asset additions.

Major capital asset events during the current fiscal year included the following:

- Developer contributions for the City's infrastructure of $7.8 million
- Construction in progress additions for the City's wastewater treatment and utility infrastructure of $4.0 million.
- Construction in progress additions of $2.7 million for development of streets
- The completion of the Phase VIII Street project that started in prior years. This was a $3.9 million addition to infrastructure from construction in progress.

Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Capital Assets Being Depreciated:						
Water systems	$ -	$ -	$ 62,400,812	$ 62,389,389	$ 62,400,812	$ 62,389,389
Sanitary sewer systems	-	-	70,504,512	72,463,332	70,504,512	72,463,332
Drainage system	-	-	32,338	36,177	32,338	36,177
Buildings	26,403,845	27,637,973	137,822	145,165	26,541,667	27,783,138
Improvements other than buildings	11,139,379	11,707,101	-	-	11,139,379	11,707,101
Aquatic Park	622,607	694,207	-	-	622,607	694,207
Machinery and equipment	7,125,734	5,399,227	1,557,100	1,958,817	8,682,834	7,358,044
Infrastructure	165,141,746	161,687,209	7,641,799	8,015,862	172,783,545	169,703,071
	$ 210,433,311	$ 207,125,717	$ 142,274,383	$ 145,008,742	$ 352,707,694	$ 352,134,459
Capital Assets Not Being Depreciated:						
Land and land improvements	$ 4,510,684	$ 4,510,684	$ 3,273,472	$ 3,273,472	$ 7,784,156	$ 7,784,156
Right-of-ways	25,571,036	25,571,036	-	-	25,571,036	25,571,036
Construction in progress	7,218,646	9,856,251	8,730,127	4,707,956	15,948,773	14,564,207
	$ 37,300,366	$ 39,937,971	$ 12,003,599	$ 7,981,428	$ 49,303,965	$ 47,919,399

Additional information on the City's capital assets can be found in Note 4 on pages 45-47 to the basic financial statements.

Outstanding Debt

	Government Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	$ 12,823,723	$ 15,406,504	$ 14,046,277	$ 17,128,496	$ 26,870,000	$ 32,535,000
Certificates of Obligation	45,567,200	40,245,600	45,517,800	46,919,400	91,085,000	87,165,000
Capital Leases	698,539	1,227,459	-	-	698,539	1,227,459
	$ 59,089,462	$ 56,879,563	$ 59,564,077	$ 64,047,896	$ 118,653,539	$ 120,927,459

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $117,955,000. The entire amount represents debt backed by the full faith and credit of the City. The City also had capital leases payable of $698,539 at fiscal year-end.

The City's total long-term liabilities from bonded debt and capital leases decreased by $2,273,920 during the current fiscal year. The City made debt principal payments of $10,175,000 and issued debt for $8,430,000.

Additional information on the City's long-term debt can be found in Note 5 on pages 48-54 to the basic financial statements.

The City's general and revenue obligations maintain an AA+ rating, respectively, from Standard & Poor's and an Aa3 rating respectively from Moody's Investors Service. The high rating speaks well of the City's proactive approach to economic development and financial management.

The revenue supported debt in the Water and Sewer Fund is limited to the net revenues equal to at least 1.10 times the maximum annual principal and interest requirements and 1.25 times the average annual principal and interest requirements of all parity bonds to be outstanding.

Economic Factors and Next Year's Budgets and Rates

- Total current Ad Valorem Taxes budgeted for fiscal year 2021 are $34,774,425 which is a $59,425 decrease from the prior year. The increase is due to an increase in the City's tax base of about $93 million, offset by a reduction in the tax rate from 66.00 to 65.50 cents per $100 dollars of valuation.
- Total sales tax is projected to remain strong due to continued economic growth from commercial construction.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, The City of The Colony, 6800 Main Street, The Colony, Texas 75056.

BASIC FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

GOVERNMENT – WIDE
FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

EXHIBIT 1

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 57,896,590	$ 21,504,548	$ 79,401,138	$ 18,891,283
Receivables (net of allowance for uncollectibles)	5,382,453	2,675,846	8,058,299	3,819,642
Inventories	150,963	38,398	189,361	-
Prepaid expenses	555,112	7,496	562,608	3,713,796
Restricted:				
Cash and cash equivalents	-	3,596,105	3,596,105	32,676,834
Capital assets:				
Non-depreciable	37,300,366	12,003,599	49,303,965	28,677,089
Depreciable (net of depreciation)	210,433,311	142,274,383	352,707,694	-
TOTAL ASSETS	311,718,795	182,100,375	493,819,170	87,778,644
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	212,012	515,569	727,581	387,300
Deferred outflows - OPEB	270,106	39,367	309,473	-
Deferred outflows - pensions	3,885,910	659,034	4,544,944	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,368,028	1,213,970	5,581,998	387,300
LIABILITIES				
Accounts payable and accrued liabilities	6,660,492	1,121,202	7,781,694	2,669,819
Accrued interest payable	298,411	-	298,411	5,411,307
Retainage payable	428,240	-	428,240	-
Unearned revenue	5,505,555	-	5,505,555	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	1,385,810	1,385,810	-
Accrued interest payable	-	324,808	324,808	-
Customer meter deposits	-	964,153	964,153	-
Non-current liabilities:				
Due within one year	8,614,509	5,952,386	14,566,895	4,074,157
Due in more than one year	68,937,626	60,479,081	129,416,707	196,687,580
TOTAL LIABILITIES	90,444,833	70,227,440	160,672,273	208,842,863
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	57,692	8,409	66,101	-
Deferred inflows - pensions	2,388,748	357,291	2,746,039	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,446,440	365,700	2,812,140	-
NET POSITION				
Net investment in capital assets	200,374,394	105,104,226	305,478,620	(156,026,299)
Restricted for:				
Debt service	3,183,352	-	3,183,352	-
Government funded construction contracts	4,130,506	1,074,088	5,204,594	-
Other	5,405,009	-	5,405,009	-
Unrestricted	10,102,289	6,542,891	16,645,180	35,349,380
TOTAL NET POSITION	$ 223,195,550	$ 112,721,205	$ 335,916,755	$ (120,676,919)

The Notes to Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 15,835,564	$ 3,273,887	$ 301,840	$ 966,208
Public safety	25,340,611	2,062,419	50,952	-
Public works	10,425,482	1,558,430	-	5,254,894
Culture and recreation	7,818,786	888,746	-	12,090
Interest on long-term debt	1,825,404	-	-	-
Total governmental activities	61,245,847	7,783,482	352,792	6,233,192
Business-type Activities:				
Water and sewer	27,240,190	22,386,290	-	3,836,581
Total business-type activities	27,240,190	22,386,290	-	3,836,581
TOTAL PRIMARY GOVERNMENT	$ 88,486,037	$ 30,169,772	$ 352,792	$ 10,069,773
COMPONENT UNITS:				
The Colony Economic Development Corporation	$ 4,102,524	$ -	$ -	$ -
The Colony Community Development Corporation	3,071,422	-	-	-
The Colony Local Development Corporation	8,030,668	-	1,864,926	-
TOTAL COMPONENT UNITS	$ 15,204,614	$ -	$ 1,864,926	$ -
General Revenues and Transfers:				
Taxes:				
Property taxes, levied for general purposes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Penalties and interest				
Interest on investments				
Miscellaneous				
Transfers				
Total general revenues and transfers				
CHANGE IN NET POSITION				
NET POSITION, beginning of year				
NET POSITION, end of year				

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business - Type Activities	Total	Component Units
$ (11,293,629)	$ -	$ (11,293,629)	$ -
(23,227,240)	-	(23,227,240)	-
(3,612,158)	-	(3,612,158)	-
(6,917,950)	-	(6,917,950)	-
(1,825,404)	-	(1,825,404)	-
(46,876,381)	-	(46,876,381)	-
-	(1,017,319)	(1,017,319)	-
-	(1,017,319)	(1,017,319)	-
$ (46,876,381)	$ (1,017,319)	$ (47,893,700)	$ -
$ -	$ -	$ -	$ (4,102,524)
-	-	-	(3,071,422)
-	-	-	(6,165,742)
$ -	$ -	$ -	$ (13,339,688)
$ 36,510,300	$ -	$ 36,510,300	$ -
9,721,676	-	9,721,676	25,553,250
2,517,283	-	2,517,283	-
1,044,987	-	1,044,987	-
96,423	-	96,423	-
26,889	20,069	46,958	13,867
1,715,059	-	1,715,059	1,000
(400,000)	400,000	-	-
51,232,617	420,069	51,652,686	25,568,117
4,356,236	(597,250)	3,758,986	12,228,429
218,839,314	113,318,455	332,157,769	(132,905,348)
$ 223,195,550	$ 112,721,205	$ 335,916,755	$ (120,676,919)

THE
COLONY
City by the Lake

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

EXHIBIT 3

CITY OF THE COLONY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 25,468,885	$ 3,439,695	$ 21,648,143	$ 7,339,867	$ 57,896,590
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	331,072	42,068	-	-	373,140
Service accounts receivable	191,525	-	-	-	191,525
Franchise taxes	496,276	-	-	-	496,276
Sales taxes	3,819,639	-	-	-	3,819,639
Other	326,162	-	-	175,711	501,873
Prepaid	554,080	-	216	816	555,112
Inventory	150,963	-	-	-	150,963
TOTAL ASSETS	$ 31,338,602	$ 3,481,763	$ 21,648,359	$ 7,516,394	$ 63,985,118
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 5,631,550	$ -	$ 875,807	$ 153,135	$ 6,660,492
Retainage payable	-	-	428,240	-	428,240
Unearned revenue	2,440,350	-	-	3,065,205	5,505,555
TOTAL LIABILITIES	8,071,900	-	1,304,047	3,218,340	12,594,287
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources - property taxes	307,620	39,659	-	-	347,279
Unavailable resources - other	33,495	-	-	-	33,495
TOTAL DEFERRED INFLOWS OF RESOURCES	341,115	39,659	-	-	380,774
FUND BALANCES					
Nonspendable	705,043	-	216	816	706,075
Restricted:					
Capital projects	-	-	20,344,096	-	20,344,096
Debt service	-	3,442,104	-	-	3,442,104
Other	2,385,220	-	-	3,019,789	5,405,009
Committed	-	-	-	1,277,449	1,277,449
Unassigned	19,835,324	-	-	-	19,835,324
TOTAL FUND BALANCES	22,925,587	3,442,104	20,344,312	4,298,054	51,010,057
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 31,338,602	$ 3,481,763	$ 21,648,359	$ 7,516,394	$ 63,985,118

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 4

CITY OF THE COLONY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds	$	51,010,057
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		247,733,677
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(298,411)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		380,774
Deferred outflows of resources of $3,885,910 related to the City's net pension liability increase net position in the government-wide financial statements, while deferred inflows ($2,388,748) reduce it. This amount is the net effect.		1,497,162
Deferred outflows of resources of $270,106 related to the City's total OPEB liability increase net position in the government-wide financial statements, while deferred inflows ($57,692) reduce it. This amount is the net effect.		212,414
Deferred charges on refunding of long-term debt are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds.		212,012
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:		
Bonds payable		(58,390,923)
Net pension liability		(9,400,684)
Total OPEB liability		(1,114,079)
Capital leases payable		(698,539)
Premium on issuance of debt		(4,695,639)
Compensated absences		(3,252,271)
Net position of governmental activities	$	223,195,550

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT 5

CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad valorem taxes, penalties and interest	$ 27,632,087	$ 8,915,448	$ -	$ 3,394	$ 36,550,929
Franchise taxes	2,517,283	-	-	-	2,517,283
Municipal sales tax	9,721,676	-	-	-	9,721,676
Licenses and permits	1,504,112	-	-	1,755,170	3,259,282
Charges for services	1,967,559	-	-	1,719,674	3,687,233
Fines and forfeitures	722,584	-	-	113,719	836,303
Grants	301,552	-	-	50,952	352,504
Gifts and contributions	942,148	-	13,148	287,608	1,242,904
Hotel / Motel taxes	-	-	-	1,044,987	1,044,987
Investment income	22,213	3,745	108	823	26,889
Miscellaneous	1,191,785	-	292,338	230,936	1,715,059
Total revenues	46,522,999	8,919,193	305,594	5,207,263	60,955,049
EXPENDITURES					
Current					
General government	10,435,502	-	-	1,168,409	11,603,911
Public safety	24,393,366	-	-	111,077	24,504,443
Public works	3,542,199	-	2,659,475	41,440	6,243,114
Cultural and recreation	4,296,899	-	-	2,738,634	7,035,533
Capital outlay	84,025	-	4,434,068	1,541,013	6,059,106
Debt service:					
Principal retirement	-	5,377,101	-	-	5,377,101
Interest and fiscal charges	-	2,259,386	-	-	2,259,386
Other debt service costs	-	-	147,333	-	147,333
Total expenditures	42,751,991	7,636,487	7,240,876	5,600,573	63,229,927
Excess (deficiency) of revenues over (under) expenditures	3,771,008	1,282,706	(6,935,282)	(393,310)	(2,274,878)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	7,587,000	-	7,587,000
Premium on issuance of bonds	-	-	783,429	-	783,429
Transfers from other funds	116,000	-	-	681,271	797,271
Transfers to other funds	(175,000)	-	(321,000)	(701,271)	(1,197,271)
Total other financing sources (uses)	(59,000)	-	8,049,429	(20,000)	7,970,429
NET CHANGE IN FUND BALANCES	3,712,008	1,282,706	1,114,147	(413,310)	5,695,551
FUND BALANCES, BEGINNING OF YEAR	19,213,579	2,159,398	19,230,165	4,711,364	45,314,506
FUND BALANCES, END OF YEAR	$ 22,925,587	$ 3,442,104	$ 20,344,312	$ 4,298,054	$ 51,010,057

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT 6

CITY OF THE COLONY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	$	5,695,551
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets additions recorded in the current period as capital outlay.		5,349,325
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		4,966,516
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(9,645,852)
Current year changes in long term liability for compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		(48,244)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		73,994
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
o Bond principal and capital lease payments		5,377,101
o Bond issuance		(7,587,000)
o Premium from bond issuance		(783,429)
o Amortization of deferred refunding amount		(43,984)
o Amortization of bond premium		551,305
Certain expenditures related to the net pension liability are required to be de-expended and recorded as deferred inflows and outflows of resources. This amount is the net effect of current year pension expense of $2,819,062 and contributions to the pension plan of $3,290,683.		471,621
Certain expenditures related to the total OPEB liability are required to be de-expended and recorded as deferred inflows and outflows of resources. This amount is the net effect of current year OPEB expense of $115,035, and contributions to the OPEB plan of $13,849.		(101,186)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in these revenues for the year.		80,518
Change in Net Position of Governmental activities	$	4,356,236

The Notes to Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 21,504,548
Receivables, net of allowance for uncollectibles:	
Accounts	2,662,245
Other	13,601
Inventories	38,398
Prepaid expenses	7,496
Restricted cash and cash equivalents	3,596,105
Total current assets	27,822,393
NONCURRENT ASSETS	
CAPITAL ASSETS	
Land	3,273,472
Water system and sanitary sewer system	188,454,062
Drainage system	1,684,364
Buildings	724,161
Machinery and equipment	4,747,032
Infrastructure	16,947,047
Construction in progress	8,730,127
Total capital assets	224,560,265
Less: accumulated depreciation	(70,282,283)
Capital assets, net of accumulated depreciation	154,277,982
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	659,034
Deferred outflows - OPEB	39,367
Deferred charge on refunding	515,569
Total deferred outflows of resources	1,213,970
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 183,314,345

The Notes to the Financial Statements are an integral part of this statement.

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 1,121,202
Accrued compensated absences due within one year	372,291
Payable from restricted assets:	
Accounts payable and accrued expenses	1,385,810
Revenue bonds payable	5,580,095
Accrued interest payable	324,808
Customer meter deposits	964,153
Total current liabilities	9,748,359
NON-CURRENT LIABILITIES	
Revenue bonds payable	58,850,894
Accrued compensated absences not due within one year	5,610
Total OPEB liability	162,376
Net pension liability	1,460,201
Total non-current liabilities	60,479,081
TOTAL LIABILITIES	70,227,440
DEFERRED INFLOWS OF RESOURCES	
Unavailable resources - OPEB	8,409
Unavailable resources - pensions	357,291
Total deferred inflows of resources	365,700
NET POSITION	
Net Investment in capital assets	105,104,226
Restricted for:	
Construction	1,074,088
Unrestricted	6,542,891
TOTAL NET POSITION	112,721,205
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 183,314,345

EXHIBIT 8

CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
OPERATING REVENUES	
Charges for sales and services:	
Water service	$ 13,237,882
Wastewater treatment service	7,774,921
Other fees and penalties	1,140,932
Service charges	75,838
Miscellaneous	156,717
Total operating revenues	22,386,290
OPERATING EXPENSES	
Personnel services	4,890,497
Contractual services	1,793,416
Supplies	522,183
Maintenance	4,106,680
Water purchases	2,753,060
Overhead	5,153,631
Depreciation	5,820,732
Total operating expenses	25,040,199
OPERATING LOSS	(2,653,909)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	20,069
Interest and fiscal charges	(2,199,991)
Total non-operating revenues (expenses)	(2,179,922)
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(4,833,831)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital contributions	3,235,536
Development fees	601,045
Transfers from other funds	400,000
Total capital contributions and transfers	4,236,581
CHANGE IN NET POSITION	(597,250)
NET POSITION, BEGINNING OF YEAR	113,318,455
NET POSITION, END OF YEAR	$ 112,721,205

The Notes to the Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

EXHIBIT 9

CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 21,997,166
Cash paid to employees for services	(4,925,167)
Cash paid for goods and services	(13,016,321)
Net cash provided by operating activities	4,055,678
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	400,000
Net cash provided by non-capital financing activities	400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on revenue bond maturities	(5,326,819)
Cost of bond issuance	(3,377)
Proceeds from issuance of bonds	843,000
Premium on issuance of bonds	87,048
Grants and contributions	305,712
Interest and fiscal charges	(2,597,247)
Acquisition of capital assets	(4,178,720)
Development fees	601,045
Net cash used in capital and related financial activities	(10,269,358)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	20,069
Net cash provided by investing activities	20,069
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,793,611)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	30,894,264
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,100,653

The Notes to the Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS – CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (2,653,909)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	5,820,732
Pension expense	803,324
Contribution to net pension liability	(872,063)
OPEB expense	14,747
Provision for bad debts	(11,158)
Change in assets and liabilities:	
Increase in accounts receivable	(341,767)
Increase in inventories	(8,629)
Increase in accounts payable and accrued liabilities	1,334,990
Increase in compensated absences	5,610
Decrease in customer deposits	(36,199)
Total adjustments	6,709,587
Net cash provided by operating activities	$ 4,055,678
NON-CASH FINANCING ACTIVITIES:	
Contributions of capital assets	$ 2,929,824

The Notes to the Financial Statements are an integral part of this statement.

THE
COLONY
City by the Lake

COMPONENT UNITS
FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

EXHIBIT 10

CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2021

	THE COLONY ECONOMIC DEVELOPMENT CORPORATION	THE COLONY COMMUNITY DEVELOPMENT CORPORATION	THE COLONY LOCAL DEVELOPMENT CORPORATION	TOTALS
ASSETS				
Cash and cash equivalents	$ 12,822,889	$ 6,068,394	$ -	$ 18,891,283
Sales tax receivable	1,909,821	1,909,821	-	3,819,642
Prepaids	-	189	3,713,607	3,713,796
Restricted assets				
Cash and cash equivalents	8,106,470	8,109,721	16,460,643	32,676,834
Capital assets				
Land	6,355,178	-	22,321,911	28,677,089
TOTAL ASSETS	$ 29,194,358	$ 16,088,125	$ 42,496,161	$ 87,778,644
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	$ -	$ -	$ 387,300	$ 387,300
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	387,300	387,300
LIABILITIES AND NET POSITION				
Accounts payable	1,331,883	1,327,936	10,000	2,669,819
Accrued interest payable	1,046,308	1,021,413	3,343,586	5,411,307
Non-current liabilities:				
Due within one year	884,157	370,000	2,820,000	4,074,157
Due in more than one year	31,621,401	26,489,983	138,576,196	196,687,580
TOTAL LIABILITIES	$ 34,883,749	$ 29,209,332	$ 144,749,782	$ 208,842,863
NET POSITION (DEFICIT)				
Net investment in capital assets	$ (24,316,945)	$ -	$ (131,709,354)	$ (156,026,299)
Unrestricted	18,627,554	(13,121,207)	29,843,033	35,349,380
TOTAL NET POSITION (DEFICIT)	$ (5,689,391)	$ (13,121,207)	$ (101,866,321)	$ (120,676,919)

The Notes to the Financial Statements are an integral part of this statement.

CITY OF THE COLONY, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:				
The Colony Economic Development Corporation	$ 4,102,524	$ -	$ -	$ -
The Colony Community Development Corporation	3,071,422	-	-	-
The Colony Local Development Corporation	8,030,668	-	1,864,926	-
TOTAL COMPONENT UNITS	$ 15,204,614	$ -	$ 1,864,926	$ -
General revenues:				
Taxes:				
Sales taxes				
Interest on investments				
Miscellaneous				
Total general revenue				
CHANGE IN NET DEFICIT				
NET DEFICIT, Beginning of Year				
NET DEFICIT, End of Year				

The Notes to the Financial Statements are an integral part of this statement.

EXHIBIT 11

Net (Expense) Revenue and Changes in Net Position			
COMPONENT UNITS			
The Colony Econ. Dev. Corporation	The Colony Comm. Dev. Corporation	The Colony Local Dev. Corporation	TOTAL
$ (4,102,524)	$ -	$ -	$ (4,102,524)
-	(3,071,422)	-	(3,071,422)
-	-	(6,165,742)	(6,165,742)
$ (4,102,524)	$ (3,071,422)	$ (6,165,742)	$ (13,339,688)
$ 8,669,463	$ 8,669,463	$ 8,214,324	$ 25,553,250
7,179	5,399	1,289	13,867
-	1,000	-	1,000
8,676,642	8,675,862	8,215,613	25,568,117
4,574,118	5,604,440	2,049,871	12,228,429
(10,263,509)	(18,725,647)	(103,916,192)	(132,905,348)
$ (5,689,391)	$ (13,121,207)	$ (101,866,321)	$ (120,676,919)

THE
COLONY
City by the Lake

NOTES TO BASIC FINANCIAL STATEMENTS

THE
COLONY
City by the Lake

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of The Colony (the City), originally incorporated in 1977, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. The significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial information of the following component units have been “discretely presented” in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City:

The Colony Economic Development Corporation (TCEDC) - Organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) - Responsible for promoting economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The Colony Local Development Corporation (TCLDC) – Established as the primary governing body for funding Tax Increment Reinvestment Zone (TIRZ) Number One public infrastructure. Surrounding these activities are performance agreements between the TCLDC and the developer, NMF Services, which commenced November 2011 and will terminate on the 75th anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

A majority of the members of the TCEDC's, TCCDC's, and TCLDC's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, and TCLDC are each fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component units' services directly benefit the community rather than the City itself. The TCEDC and TCCDC do not issue separate financial statements and TCLDC does issue separate financial statements which are available through the City's Finance Department. TCEDC, TCCDC, and TCLDC are presented as governmental fund types within these financial statements.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation for the governmental-wide statement of activities.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund –

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund –

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are exclusively for debt service expenditures.

Capital Projects Fund –

The Capital Projects Fund is used to account for the acquisition and construction of capital assets financed primarily through the issuance of general obligation debt.

The City also reports the following non-major governmental funds:

All of the following funds are Special Revenue Funds. Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trust or capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements – Continued

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

Police Seized Fund – To account for funds seized by the police department that are awaiting disposition by the court.

Child Safety Fund – To account for child safety fees collected according to state statute to fund the school crossing guard program and for other programs designed to enhance child safety, health or nutrition.

Storm Water Utility Fund – To account for the revenue and expenses associated with drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donations Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No. 1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No.1.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements – Continued

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building.

Pandemic Response – To account for revenues and expenditures related to the City of The Colony emergency response to COVID 19 from grant and contribution funding.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

All assets and liabilities are included in the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Enterprise Fund

Water and Sewer Enterprise Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, liabilities (whether current or non-current), and deferred inflows and outflows of resources are included in the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash and Cash Equivalents

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund’s pro rata share of total pooled deposits.

Restricted cash and investments is classified separately in the balance sheet of governmental funds and statement of net position for proprietary funds and represents cash and cash equivalents restricted for specific infrastructure projects (governmental funds) or the payment of long-term debt and for the acquisition of capital assets (proprietary funds).

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are accounted for in accordance with GASB No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

Property Taxes

The City’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. The assessed value upon which the fiscal year 2021 levy was based was $5,616,203,936. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2021 were 99.57% of the tax levy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes – Continued

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2021 was $0.6550 per $100 of assessed valuation.

The ordinance levying the ad valorem taxes specifies the percentage of the taxes applicable to the General Fund, and Debt Service Fund therefore, ad valorem tax revenues are recorded as revenues in the respective funds.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the revenues from the effective tax rate times the appraised values, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the property tax revenues from previous year by more than 3%, City must have an election to approve effective interest rates.

Budgets

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

For the year ended September 30, 2021, expenditures exceeded appropriations as follows:

- Hotel/Motel
    - Culture and recreation ($801,869)
    - Capital outlay ($5,697)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Internal Balances

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Transactions between Funds and Component Units

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions. During the year ended September 30, 2021, the TCCDC contributed $496,936 to the general fund. Additionally, the TCEDC contributed $305,714 to the Water and Sewer Enterprise Fund and $445,212 to the General Fund.

Inventories

Inventories, which are expended when consumed, are stated at cost on a first-in, first-out basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets - Continued

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Towers, tanks, and pump stations	40 Years
Infrastructure	40 Years
Machinery and equipment	5 - 10 Years
Vehicles	5 Year

Vacation and Sick Leave (Compensated Absences)

In the event of termination, an employee is reimbursed for up to his/her accrued available vacation days. An employee may accumulate up to 130 days of sick leave; however, upon termination, qualified employees may be reimbursed for up to a maximum of 30 sick days. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources – Continued

Pensions/ OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year), and differences between expected and actual economic experience and/or changes in actuarial assumptions (deferred and recognized over the remaining average service lives of the plan participants).

Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s). The City's governmental funds report unavailable tax revenues and revenues for charges for services at the fund level that will not be recognized as resources (revenue) until future periods. Deferred inflows for both pension and OPEB liabilities include differences between projected and actual investment earnings (deferred and recognized over a closed five-year period). Deferred inflows for pension and OPEB liabilities also include differences between expected and actual economic experience and/or changes in actuarial assumptions (deferred and recognized over the remaining average service lives of the plan participants).

Classification of Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on City Council direction.

Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. The City designates restricted amounts to be spent first if both restricted and unassigned fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purpose for which amounts in any of those unrestricted fund balance classifications could be used. The proprietary funds and government-wide financial statements have three classifications of equity: (1) net investment in capital assets; (2) restricted net position and (3) unrestricted net position. In the first category, capital assets are netted with related bonded and capital lease debt. Restricted net position includes debt service, grantor and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

The funds of the City must be deposited and invested per the Public Funds Investment Act. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2021 the carrying amount of the City's deposits was $3,664,186 and the bank balance was $4,096,457. All of the bank balances were fully covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The City had petty cash totaling $5,434 at September 30, 2021.

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Legal and Contractual Provisions Governing Deposits and Investments – Continued

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 Years	100%	None
State of Texas	5 Years	25%	None
States, Agencies, Counties, Cities and Other	5 Years	25%	None
Repurchase Agreements	90 Days	100%	None
Certificates of Deposits	5 Years	25%	None
Commercial Paper	270 Days	25%	None
No-Load Money Market Mutual Funds	90 Days	25%	None
Eligible Investment Pools	90 Days	100%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents – primary government	$ 79,401,138
Restricted cash and cash equivalents – primary government	3,596,105
Cash and cash equivalents – component units	18,891,283
Restricted cash and cash equivalents – component units	32,676,834
	$ 134,565,360

Cash and investments as of September 30, 2021 consist of the following:

Cash on hand	$ 5,434
Deposits with financial institutions	3,664,186
Investment pools and money market mutual funds	130,895,740
	$ 134,565,360

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2021 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	$ 71,033,292	N/A	AAAm
TexPool Prime	26,538,153	N/A	AAAm
Money Market Mutual Funds	33,324,295	N/A	AAAm
	$ 130,895,740		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2021 other than external investment pools the City did not have 5% or more of its investment with one issuer.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2021 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized during the year.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements Using				
	Value at September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not Subject to Fair Value:						
Investment Pools:						
TexPool	$ 71,033,292	$ -	$ -	$ -	54.27%	37
TexPool Prime	26,538,153	-	-	-	20.27%	48
Investments by Fair Value Level:						
Money Market Mutual Funds	33,324,295	33,324,295	-	-	25.46%	41
Total Value	$ 130,895,740	$ 33,324,295	$ -	$ -	100.00%	

Money Market Mutual funds reported as Level 1 consist of shares of a money market funds government portfolio and are valued at net asset value (NAV) of the assets held by the City. The NAV is a quoted price in an active market.

Investment in State Investment Pools

The City is a voluntary participant in two investment pools: TexPool and TexPool Prime. Each of these pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Each uses amortized costs rather than market value to report the net position to compute share prices. Accordingly, the value of the City's position in the pools is the same as the value of the shares in the pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

NOTE 3. RECEIVABLES

Receivables at September 30, 2021 for the individual major funds, nonmajor funds, and component units in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	Governmental Activities				Business-type Activities	Discretely Presented Component Units
	General	Debt Service	Non-Major Governmental Funds	Total Governmental Activities	Water and Sewer Enterprise	
Receivables						
Property taxes	$ 383,388	$ 42,068	$ -	$ 425,456	$ 13,601	$ -
Franchise taxes	496,276	-	-	496,276	-	-
Sales taxes	3,819,639	-	-	3,819,639	-	3,819,642
Service accounts	574,474	-	-	574,474	2,932,178	-
Other	326,162	-	175,711	501,873	-	-
Gross receivables	5,599,939	42,068	175,711	5,817,718	2,945,779	3,819,642
Allowance for uncollectibles	(435,265)	-	-	(435,265)	(269,933)	-
Net total receivables	$ 5,164,674	$ 42,068	$ 175,711	$ 5,382,453	$ 2,675,846	$ 3,819,642

The Water and Sewer Fund service accounts receivable include unbilled charges for services rendered through September 30, 2021 in the amount of $1,902,263.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance September 30, 2020	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2021
Governmental Activities:					
Capital assets not being depreciated					
Land and Land Improvements	$ 4,510,684	$ -	$ -	$ -	$ 4,510,684
Rights-of-way	25,571,036	-	-	-	25,571,036
Construction in progress	9,856,251	2,722,084	-	(5,359,689)	7,218,646
Total capital assets not being depreciated	39,937,971	2,722,084	-	(5,359,689)	37,300,366
Capital assets being depreciated					
Buildings	39,130,853	-	-	-	39,130,853
Improvements other than buildings	20,993,431	22,195	-	164,606	21,180,232
Swimming pool	1,839,255	-	-	-	1,839,255
Machinery and equipment	16,532,157	2,321,648	-	109,806	18,963,611
Infrastructure	277,380,640	5,249,914	-	5,085,277	287,715,831
Total capital assets being depreciated	355,876,336	7,593,757	-	5,359,689	368,829,782
Less: accumulated depreciation for:					
Buildings	(11,492,880)	(1,234,128)	-	-	(12,727,008)
Improvements other than buildings	(9,286,330)	(754,523)	-	-	(10,040,853)
Swimming pool	(1,145,048)	(71,600)	-	-	(1,216,648)
Machinery and equipment	(11,132,930)	(704,947)	-	-	(11,837,877)
Infrastructure	(115,693,431)	(6,880,654)	-	-	(122,574,085)
Total accumulated depreciation	(148,750,619)	(9,645,852)	-	-	(158,396,471)
Total capital assets being depreciated, net	207,125,717	(2,052,095)	-	5,359,689	210,433,311
Governmental activities capital assets, net	$ 247,063,688	$ 669,989	$ -	$ -	$ 247,733,677

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2020	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2021
Business-Type Activities:					
Capital assets not being depreciated					
Land	$ 3,273,472	$ -	$ -	$ -	$ 3,273,472
Construction in progress	4,707,956	4,044,107	-	(21,936)	8,730,127
Total capital assets not being depreciated	7,981,428	4,044,107	-	(21,936)	12,003,599
Capital assets being depreciated:					
Building	724,161	-	-	-	724,161
Water System	89,127,532	2,344,940	-	-	91,472,472
Sanitary System	96,240,157	719,497	-	21,936	96,981,590
Drainage System	1,684,364	-	-	-	1,684,364
Machinery and Equipment	4,747,032	-	-	-	4,747,032
Infrastructure	16,947,047	-	-	-	16,947,047
Total capital assets being depreciated	209,470,293	3,064,437	-	21,936	212,556,666
Less: Accumulated depreciation for:					
Building	(578,996)	(7,343)	-	-	(586,339)
Water System	(26,738,143)	(2,333,517)	-	-	(29,071,660)
Sanitary System	(23,776,825)	(2,700,253)	-	-	(26,477,078)
Drainage System	(1,648,187)	(3,839)	-	-	(1,652,026)
Machinery and Equipment	(2,788,215)	(401,717)	-	-	(3,189,932)
Infrastructure	(8,931,185)	(374,063)	-	-	(9,305,248)
Total accumulated depreciation	(64,461,551)	(5,820,732)	-	-	(70,282,283)
Total capital assets being depreciated, net	145,008,742	(2,756,295)	-	21,936	142,274,383
Business-Type activities capital assets, net	$ 152,990,170	$ 1,287,812	$ -	$ -	$ 154,277,982

	Balance September 30, 2020	Capital Acquisitions	Sales or Other Dispositions	Balance September 30, 2021
Component Units:				
Capital assets not being depreciated				
Land	$ 28,677,089	$ -	$ -	$ 28,677,089
Component Units capital assets, net	$ 28,677,089	$ -	$ -	$ 28,677,089

NOTE 4. CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General government	$ 4,309,660
Public safety	1,044,910
Public works	3,472,587
Culture and recreation	818,695
Total depreciation expense-Governmental activities	$ 9,645,852
Business-type activities:	
Water and Sewer	$ 5,820,732

There was no depreciation expense charged to the component units during the current year.

NOTE 5. LONG-TERM DEBT

At September 30, 2021, bonds payable consisted of the following individual issues:

Certificates of Obligation:	Governmental Activities	Business-type Activities	Component Units
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, 2.00% to 4.375%, maturing in annual installments of $155,000 to $675,000 through 2033.	$ 1,420,000	$ -	$ -
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 3.00% to 6.00%, maturing in annual installments of $510,000 to $1,550,000 through 2035.	2,412,900	14,822,100	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, 3.00% to 4.00%, maturing in annual installments of $470,000 to $690,000 through 2035.	-	8,305,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016, 3.00% to 4.00%, maturing in annual installments of $685,000 to $1,025,000 through 2037.	9,744,000	4,176,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, 3.00% to 4.00%, maturing in annual installments of $555,000 to $850,000 through 2038.	10,624,500	1,180,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019, 3.00% to 5.00%, maturing in annual installments of $845,000 to $1,095,000 through 2039.	10,533,800	6,456,200	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, 3.00% to 5.00%, maturing in annual installments of $252,850 to $761,813 through 2040.	3,245,000	9,735,000	
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021, 2.00% to 5.00%, maturing in annual installments of $290,000 to $540,000 through 2040.	7,587,000	843,000	
	$ 45,567,200	$ 45,517,800	$ -
General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2011, 2.00% to 4.00%, maturing in annual installments of $20,000 to $890,000 through 2022.	$ 676,400	$ 213,800	$ -
General Obligation Refunding Bonds, Series 2012, 2.00% to 3.00%, maturing in annual installments of $225,000 to $1,295,000 through 2023.	427,500	142,500	-
General Obligation Refunding Bonds, Series 2013, 3.00% to 5.00%, maturing in annual installments of $1,205,000 to $1,775,000 through 2024.	1,015,000	4,060,000	-
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of $55,000 to $1,535,000 through 2026.	1,229,100	6,000,900	-
General Obligation Refunding Bonds, Series 2015, 3.00% to 4.00%, maturing in annual installments of $840,000 to $1,715,000 through 2027.	3,716,200	1,748,800	
General Obligation Refunding Bonds, Series 2020, 3.00% to 4.00%, maturing in annual installments of $806,446 to $263,304 through 2030.	5,759,523	1,880,277	
	$ 12,823,723	$ 14,046,277	$ -

Revenue Bonds:	Governmental	Business-type	Component Unit
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $ 195,000 to $2,770,000 through 2042.	$ -	$ -	$ 28,335,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $ 195,000 to $2,770,000 through 2042.	-	-	28,335,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	15,395,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 2.594% to 4.881%, maturing in annual installments from October 1, 2020 through October 1, 2047.	-	-	105,485,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	-
Sales Tax Revenue Bonds, Series 2017 (Infrastructure Bonds), 3.520%, maturing in annual installments from October 1, 2018 through October 1, 2032.	-	-	5,550,000
Tax Increment Contract Revenue Refunding Bonds, Series 2021, 3.580%, maturing in annual installments from October 1, 2021 through October 1, 2034.	-	-	20,545,000
	$ -	$ -	$ 203,645,000

NOTE 5. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2021:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
Certificates of obligation	$ 40,245,600	$ 7,587,000	$ (2,265,400)	$ 45,567,200	$ 2,649,950
General obligation bonds	15,406,504	-	(2,582,781)	12,823,723	2,534,955
Capital Lease	1,227,459	-	(528,920)	698,539	225,577
Unamortized bond premium	4,463,515	783,429	(551,305)	4,695,639	-
Net pension liability	9,496,482	-	(95,798)	9,400,684	-
Total OPEB liability	909,288	204,791	-	1,114,079	-
Compensated absences	3,204,027	2,922,745	(2,874,501)	3,252,271	3,204,027
Governmental activities Long-term debt	$ 74,952,875	$ 11,497,965	$ (8,898,705)	$ 77,552,135	$ 8,614,509
Business-Type Activities					
Certificates of obligation	$ 46,919,400	$ 843,000	$ (2,244,600)	$ 45,517,800	$ 2,455,050
General obligation bonds	17,128,496	-	(3,082,219)	14,046,277	3,125,045
Unamortized bond premium	5,298,208	87,048	(518,344)	4,866,912	-
Net pension liability	1,474,164	-	(13,963)	1,460,201	-
Total OPEB liability	132,528	29,848	-	162,376	-
Compensated absences	372,291	912,877	(907,267)	377,901	372,291
Business-type activities Long-term debt	$ 71,325,087	$ 1,872,773	$ (6,766,393)	$ 66,431,467	$ 5,952,386
Component Units					
Revenue bonds	$ 205,145,000	$ 20,545,000	$ (22,045,000)	$ 203,645,000	$ 3,980,000
Unamortized bond discount	(3,114,965)	-	136,126	(2,978,839)	-
Compensated absences	94,158	58,849	(57,431)	95,576	94,157
Component units Long-term debt	$ 202,124,193	$ 20,603,849	$ (21,966,305)	$ 200,761,737	$ 4,074,157

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues from the Debt Service Fund as has been done in prior years. The proprietary fund type long-term debt, plus accrued interest, will be repaid from operating revenues of the Water and Sewer Enterprise Fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities which are normally liquidated during the current year.

In August 2021, the City issued $8,430,000 of Certificates of Obligation, Series 2021, at a premium of $870,477. The proceeds from the certificates of obligation of proceeds will be used for capital projects. $7,587,000 of the bonds were recorded in the governmental activities and $843,000 were recorded in the business-type activities.

In 2021, the TLCDC issued $20,545,000 of Tax Increment Contract Revenue Refunding Bonds. $18,367,142 of the proceeds were placed with an escrow agent to refund $19,445,000 of Sales Tax Revenue Bonds, Series 2013. The difference between the debt service of the old debt and the new debt is $16,160,695, resulting in an economic gain of $7,272,383.

NOTE 5. LONG-TERM DEBT – CONTINUED

Nebraska Furniture Mart

During March 2012, the TCEDC, TCCDC and TCLDC individually entered into a pledge agreement where the consideration of future sales tax revenue from the tax increment reinvestment zone would be used to repay debt issued by the component units to provide funding for the Nebraska Furniture Mart Texas project. This pledge was effectively an incentive agreement to secure the development of Nebraska Furniture Mart, through NFM Services, within the City of The Colony.

TCEDC and TCCDC have each pledged a portion of their future sales tax revenues to repay $29,580,000 of sales tax revenue bond series 2013 that each corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on each issuance is approximately $59 million as of September 30, 2021. Interest and principal paid and incremental sales tax revenues recognized were $2,379,200 and $4,107,162, respectively, for TCCDC and $2,986,688 and $4,107,162, respectively, for TCEDC with regards to each corporation's 2013 bond series during the year ended September 30, 2021.

TCLDC has pledged a portion of its future sales tax revenues to repay $142,080,000 of sales tax incremental contract revenue bonds that the Corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on these bonds is approximately $270.6 million as of September 30, 2021. Interest and principal paid and incremental sales tax revenues recognized were $8,317,068 and $8,214,324, respectively, during the year ended September 30, 2021.

Description to Debt Indentures

Certificate of Obligation Bonds

The City issues certificate of obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due.

Revenue Bonds

The City issues revenue bonds to construct water and sewer system improvements. The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

NOTE 5. LONG-TERM DEBT – CONTINUED

Bond Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions at September 30, 2021.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2021, are as follows:

Certificate of Obligation Bonds

Annual debt service requirements to maturity for certificate obligation bonds, including interest of $14,546,724 for governmental activities, and $15,060,096 for business-type activities are as follows:

Fiscal Year Ending September 30	Governmental Activities Principal	Interest	Total
2022	$ 2,649,950	$ 1,681,395	$ 4,331,345
2023	2,566,150	1,580,218	4,146,368
2024	2,505,650	1,466,636	3,972,286
2025	2,488,400	1,355,845	3,844,245
2026	2,608,500	1,243,151	3,851,651
2027-2031	12,548,150	4,605,577	17,153,727
2032-2036	12,994,900	2,224,288	15,219,188
2037-2041	7,205,500	389,614	7,595,114
Total	$ 45,567,200	$ 14,546,724	$ 60,113,924

Fiscal Year Ending September 30	Business-Type Activities Principal	Interest	Total
2022	$ 2,455,050	$ 1,756,578	$ 4,211,628
2023	2,483,850	1,644,145	4,127,995
2024	2,579,350	1,528,053	4,107,403
2025	2,631,600	1,411,867	4,043,467
2026	2,626,500	1,293,862	3,920,362
2027-2031	13,936,850	4,908,851	18,845,701
2032-2036	14,145,100	2,145,728	16,290,828
2037-2041	4,659,500	371,012	5,030,512
Total	$ 45,517,800	$ 15,060,096	$ 60,577,896

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest of $2,202,511 for governmental activities, $1,680,941 for business-type activities are as follows:

Fiscal Year Ending September 30	Governmental Activities Principal	Interest	Total
2022	$ 2,534,955	$ 536,048	$ 3,071,003
2023	1,938,971	425,977	2,364,948
2024	1,785,587	351,224	2,136,811
2025	1,485,391	279,098	1,764,489
2026	1,540,196	222,474	1,762,670
2027-2031	3,538,623	387,690	3,926,313
Total	$ 12,823,723	$ 2,202,511	$ 15,026,234

Fiscal Year Ending September 30	Business-Type Activities Principal	Interest	Total
2022	$ 3,125,045	$ 561,477	$ 3,686,522
2023	3,061,029	411,448	3,472,477
2024	3,094,413	294,776	3,389,189
2025	1,729,609	169,803	1,899,412
2026	1,784,804	113,977	1,898,781
2027-2031	1,251,377	129,460	1,380,837
Total	$ 14,046,277	$ 1,680,941	$ 15,727,218

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of $173,885,385 for component unit activities are as follows:

Fiscal Year Ending September 30	Component-Units		
	Principal	Interest	Total
2022	$ 3,980,000	$ 10,940,202	$ 14,920,202
2023	4,270,000	10,777,604	15,047,604
2024	4,575,000	10,597,010	15,172,010
2025	4,900,000	10,396,645	15,296,645
2026	5,255,000	10,177,832	15,432,832
2027-2031	32,265,000	46,833,195	79,098,195
2032-2036	40,605,000	37,618,296	78,223,296
2037-2041	48,235,000	25,519,252	73,754,252
2042-2046	44,420,000	9,906,136	54,326,136
2047-2050	15,140,000	1,119,213	16,259,213
Total	$ 203,645,000	$ 173,885,385	$ 377,530,385

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Capital Leases

During 2015, the City entered into a capital lease in the amount of $935,000 with principal and interest at 3.606% being paid through fiscal year 2021. The City also entered into $1,641,970 of capital leases during 2019 with principal and interest from 2.63% to 3.29% being paid through fiscal year 2024. Proceeds from the leases were used to obtain public safety equipment with an initial cost of $2,576,970 which has been recorded as capital assets. Future lease payments are paid through the City's debt service fund and are as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2022	$ 225,577	$ 22,280	$ 247,857
2023	232,769	15,088	247,857
2024	240,193	7,664	247,857
Total	$ 698,539	$ 45,032	$ 743,571

Net Pension Liability/ OPEB liability

The general fund has typically been used to liquidate governmental activities' pension and OPEB liabilities.

NOTE 6. TRANSFERS AND INTERFUND RECEIVEABLES/PAYABLES

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2021 were as follows:

Transfers Out	Transfers In	Amount	Purpose
General Fund	Non-major Funds	$ 175,000	Utility franchise fee
Capital Projects Fund	General Fund	21,000	Funding for capital projects
Non-major Funds	General Fund	95,000	Funding for capital projects
Non-major Funds	Utility Fund	100,000	Funding for capital projects
Non-major Funds	Non-major Funds	506,271	For public safety and hotel programs
Capital Projects Fund	Utility Fund	300,000	Funding for capital projects
	Total	$ 1,197,271	

NOTE 7. RETIREMENT PLAN

A. Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the member's contributions, with interest, and the city-financed monetary credits with interest. The retiring member may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

NOTE 7. RETIREMENT PLAN – CONTINUED

B. Benefits Provided – Continued

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	202
Active employees	375
	787

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City was 12.92% and 13.49% for calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were $3,770,299, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year including inflation
Investment Rate of Return	6.75%
Amortization method	Level percentage of payroll, closed
Actuarial cost method	Entry Age Normal

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

There were no benefit changes during the year.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Actuarial Assumptions – Continued:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time(conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Allocations

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$ 105,452,142	$ 94,481,496	$ 10,970,646
Changes for the year:			
Service Cost	4,598,382	-	4,598,382
Interest	7,143,318	-	7,143,318
Change of benefit terms	-	-	-
Difference between expected and actual experience	686,320	-	686,320
Changes of assumptions	-	-	-
Contributions - employer	-	3,509,336	(3,509,336)
Contributions - employee	-	1,900,158	(1,900,158)
Net investment income	-	7,176,504	(7,176,504)
Benefit payments, including refunds of employee contributions	(3,848,793)	(3,848,793)	-
Administrative expense	-	(46,406)	46,406
Other changes	-	(1,811)	1,811
Net Changes	8,579,227	8,688,988	(109,761)
Balance at 12/31/19	$ 114,031,369	$ 103,170,484	$ 10,860,885

Net Pension Liability as a percentage of covered employee payroll 40.01%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 27,435,095	$ 10,860,885	$ (2,751,667)

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $3,229,939. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,481,643	$ 79,710
Changes in actuarial assumptions	275,464	-
Difference between projected and actual investment earnings	-	2,666,329
Contributions subsequent to the measurement date	2,787,837	-
Total	$ 4,544,944	$ 2,746,039

The $2,787,837 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ending September 30, 2022. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2022	$ (371,668)
2023	518,687
2024	(1,098,760)
2025	(37,191)
	$ (988,932)

NOTE 8. DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan, which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of 100% of compensation included in gross income or $15,500 whichever is less.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result, at September 30, 2021, the deferred compensation investments in the amount of $9,077,172 are not reported in the City's financial statements.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit ("OPEB") and is a fixed amount of $7,500.

C. Benefits Provided – Continued

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	44
Active employees	375
	564

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

D. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.02% and 0.07% for calendar years 2020 and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were $15,868, and were equal to the required contributions.

E. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

F. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50% to 11.50%, including inflation
Discount rate	2.00%
Retiree's share of benefit-related cost	$0
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for preretirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2020 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.00% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

G. Changes in Total OPEB Liability

	Increase (Decrease) Total OPEB Liability (a)
Balance at 12/31/2019	$ 1,041,816
Changes for the year:	
Service Cost	57,005
Interest	29,359
Difference between expected and actual experience	(17,505)
Changes of assumptions	171,209
Benefit payments	(5,429)
Net Changes	234,639
Balance at 12/31/20	$ 1,276,455

Total OPEB Liability as a percentage of covered payroll 4.70%.

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.00%) or 1 percentage-point higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	$ 1,561,574	$ 1,276,455	$ 1,054,707

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $131,801. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 295,166	$ 34,575
Difference between projected and actual investment earnings	-	31,526
Contributions subsequent to the measurement date	14,307	-
Total	$ 309,473	$ 66,101

The $14,307 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2022. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2022	$ 45,437
2023	45,437
2024	42,649
2025	38,220
2026	39,440
Thereafter	17,882
	$ 229,065

NOTE 10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time although the City expects such amounts, if any, to be immaterial to the basic financial statements.

At September 30, 2021, certain claims and litigation against the City are pending with respect to matters arising in the normal course of the City's operations. City management is of the opinion that the settlement of these matters will not have a material adverse effect on the City's financial statements.

At September 30, 2021, the City had authorized construction contract commitments of $14,607,556

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the City purchased commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

NOTE 12. TAX ABATEMENTS

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The City had the following agreements for the fiscal year ending September 30, 2021.

- Per the Grandscape, William Sonoma, and Top Golf TIF agreement for commercial development of 433 undeveloped acres, 100% of the property tax collections from the TIRZ projects and 90% of sales tax collections from TIRZ businesses were to be abated. The City abated $1,864,926 in property taxes and $16,428,312 in sales taxes.

NOTE 12. TAX ABATEMENTS – CONTINUED

- There was an agreement for Tribute properties to develop a 1,200-acre residential and golf community within the City under which 62% of property taxes was agreed to be abated. The City abated $1,902,356 in property taxes.

- Per the Tribute TIF agreement to fund water storage tank and construction of fire station, and improve roadways, marina park and entertainment district, 70% of property taxes from development limited to total property taxes less the agreement stated above was agreed to be abated. The City abated $1,712,120 in property taxes.

NOTE 13. FUND BALANCE/NET POSITION

The composition of the City's governmental fund balances as of September 30, 2021 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	$ 150,963	$ -	$ -	$ -	$ 150,963
Prepaids	554,080	-	216	816	555,112
	705,043	-	216	816	706,075
Restricted for:					
Debt service	-	3,442,104	-	-	3,442,104
Tourism	2,385,220	-	-	383,960	2,769,180
Police	-	-	-	123,760	123,760
Child Safety	-	-	-	93,798	93,798
Stormwater drainage	-	-	-	953,418	953,418
Court	-	-	-	391,816	391,816
PID No. 1	-	-	-	928,877	928,877
Social and community services	-	-	-	144,088	144,088
Pandemic response	-	-	-	72	72
Capital projects	-	-	20,344,096	-	20,344,096
	2,385,220	3,442,104	20,344,096	3,019,789	29,191,209
Committed for:					
Parks	-	-	-	1,277,449	1,277,449
Unassigned	19,835,324	-	-	-	19,835,324
Total	$ 22,925,587	$ 3,442,104	$ 20,344,312	$ 4,298,054	$ 51,010,057

Net position restricted for other reported for the governmental activities in the statement of net position is comprised of the sum of the balances that are reported as restricted fund balances in the general fund and the non-major governmental funds.

NOTE 14. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2021 up through March 30, 2022, the date the financial statements were issued. During this period, there were no material subsequent events requiring recognition or additional disclosure in these financial statements.

THE
COLONY
City by the Lake

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT A-1

CITY OF THE COLONY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – TMRS
LAST SEVEN MEASUREMENT YEARS

	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:							
Service cost	$ 4,598,382	$ 4,260,983	$ 3,870,905	$ 3,593,344	$ 3,247,190	$ 3,038,645	$ 2,636,444
Interest	7,143,318	6,525,581	6,090,550	5,640,026	5,246,784	4,956,953	4,717,021
Difference between expected and actual experience	686,320	1,392,962	(201,099)	653,253	395,250	681,456	(1,078,676)
Change in assumptions	-	469,452	-	-	-	1,451,967	-
Benefit payments, including refunds of employee contributions	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Net change in total pension liability	8,579,227	9,165,732	6,222,632	6,722,397	5,580,459	6,804,230	3,503,008
Total pension liability - beginning	105,452,142	96,286,410	90,063,778	83,341,381	77,760,922	70,956,692	67,453,684
Total pension liability - ending (a)	114,031,369	105,452,142	96,286,410	90,063,778	83,341,381	77,760,922	70,956,692
Plan fiduciary net position:							
Contributions - employer	3,509,336	3,330,020	3,044,002	2,825,357	2,343,572	2,336,643	2,051,029
Contributions - employee	1,900,158	1,790,133	1,630,948	1,512,532	1,360,283	1,309,761	1,179,152
Net investment income	7,176,504	12,447,283	(2,451,824)	9,825,153	4,466,472	96,983	3,534,120
Benefit payments, including refunds of employee contributions	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Administrative expense	(46,406)	(70,294)	(47,376)	(50,917)	(50,436)	(59,070)	(36,893)
Other	(1,811)	(2,113)	(2,475)	(2,581)	(2,717)	(2,918)	(3,033)
Net change in plan fiduciary net position	8,688,988	14,011,783	(1,364,449)	10,945,318	4,808,409	356,608	3,952,594
Plan fiduciary net position - beginning	94,481,496	80,469,713	81,834,162	70,888,844	66,080,435	65,723,827	61,771,233
Plan fiduciary net position - ending (b)	103,170,484	94,481,496	80,469,713	81,834,162	70,888,844	66,080,435	65,723,827
Net pension liability - ending (a) - (b)	$ 10,860,885	$ 10,970,646	$ 15,816,697	$ 8,229,616	$ 12,452,537	$ 11,680,487	$ 5,232,865
Plan fiduciary net position as a percentage of total pension liability	90.48%	89.60%	83.57%	90.86%	85.06%	84.98%	92.63%
Covered payroll	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602	$ 19,432,616	$ 18,710,868	$ 16,838,560
Net pension liability as a percentage of covered payroll	40.01%	42.89%	68.03%	38.09%	64.08%	62.43%	31.08%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138, “The information for all period for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years’ information will be displayed as it becomes available.”

EXHIBIT A-2

CITY OF THE COLONY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS – TMRS
LAST SEVEN FISCAL YEARS

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	$ 3,770,299	$ 3,477,782	$ 3,247,835	$ 2,998,437	$ 2,723,827	$ 2,399,108	$ 2,224,043
Contribution in relation of the actuarially determined contribution	3,770,299	3,477,782	3,247,835	2,998,437	2,723,827	2,399,108	2,224,043
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 27,970,374	$ 26,570,811	$ 24,667,651	$ 22,698,203	$ 19,440,612	$19,236,056	$ 19,145,821
Contributions as a percentage of covered payroll	13.48%	13.09%	13.17%	13.21%	14.01%	12.47%	11.62%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138, "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

EXHIBIT A-3

CITY OF THE COLONY, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – TMRS
LAST FOUR MEASUREMENT YEARS

	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:				
Service cost	$ 57,005	$ 40,922	$ 41,848	$ 32,411
Interest	29,359	30,875	28,018	27,153
Differences between expected and actual experience	(17,505)	(11,620)	(15,239)	-
Change in assumptions	171,209	172,459	(62,382)	69,501
Benefit payments	(5,429)	(5,115)	(6,975)	(4,322)
Net change in total pension liability	234,639	227,521	(14,730)	124,743
Total OPEB liability - beginning	1,041,816	814,295	829,025	704,282
Total OPEB liability - ending (a)	$ 1,276,455	$ 1,041,816	$ 814,295	$ 829,025
Covered-employee payroll	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602
Total OPEB liability as a percentage of covered-employee payroll	4.70%	4.07%	3.50%	3.84%

Note: Only four years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

EXHIBIT A-4

CITY OF THE COLONY, TEXAS
SCHEDULE OF OPEB CONTRIBUTIONS – TMRS
LAST FOUR FISCAL YEARS

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 15,868	$ 5,365	$ 5,653	$ 6,186
Contribution in relation of the actuarially determined contribution	15,868	5,365	5,653	6,186
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 27,970,374	$ 26,570,811	$ 24,667,651	$ 22,698,203
Contributions as a percentage of covered-employee payroll	0.06%	0.02%	0.02%	0.03%

Note: Only four years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

EXHIBIT A-5

CITY OF THE COLONY, TEXAS
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes, penalties and interest	$ 26,241,825	$ 26,241,825	$ 27,632,087	$ 1,390,262
Franchise taxes	2,635,000	2,635,000	2,517,283	(117,717)
Municipal sales tax	7,500,000	7,500,000	9,721,676	2,221,676
Licenses and permits	1,531,670	1,531,670	1,504,112	(27,558)
Charge for services	1,575,830	1,575,830	1,967,559	391,729
Fines and forfeitures	795,000	795,000	722,584	(72,416)
Grants	331,863	331,863	301,552	(30,311)
Gifts and Contributions	942,148	942,148	942,148	-
Investment income	160,000	160,000	22,213	(137,787)
Miscellaneous	651,500	651,500	1,191,785	540,285
Total revenues	42,364,836	42,364,836	46,522,999	4,158,163
EXPENDITURES				
Current:				
General government:				
Community image	636,447	636,447	507,140	129,307
General administration	1,567,595	1,567,595	1,731,407	(163,812)
City secretary	416,284	416,284	478,524	(62,240)
City council	64,520	64,520	44,042	20,478
Human resources	666,588	666,588	705,537	(38,949)
Finance	1,244,663	1,244,663	1,337,267	(92,604)
Information technology	850,770	850,770	801,005	49,765
Nondepartmental	4,496,217	4,487,777	3,728,062	759,715
Fleet services	1,101,279	1,101,279	1,123,568	(22,289)
Public safety:				
Municipal court	454,836	454,836	416,938	37,898
Fire	11,852,082	11,947,019	11,392,959	554,060
Police	12,954,281	12,964,280	12,646,444	317,836
Public works:				
Engineering	2,137,297	2,212,297	1,971,467	240,830
Facilities maintenance	1,604,897	1,604,897	1,570,732	34,165
Culture and recreation:				
Parks and recreation	2,904,468	2,932,468	2,420,505	511,963
Aquatic park	565,074	565,074	494,545	70,529
Library	1,297,035	1,297,638	1,158,112	139,526
Community center	281,744	281,744	223,737	58,007
Total expenditures	45,096,077	45,296,176	42,751,991	2,544,185
Excess (deficiency) of revenues over (under) expenditures	(2,731,241)	(2,931,340)	3,771,008	6,702,348
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	85,000	85,000	116,000	31,000
Transfers to other funds	(5,933,646)	(5,933,646)	(175,000)	5,758,646
Total other financing sources (uses)	(5,848,646)	(5,848,646)	(59,000)	5,789,646
NET CHANGE IN FUND BALANCE	(8,579,887)	(8,779,986)	3,712,008	12,491,994
FUND BALANCES, BEGINNING OF YEAR	19,213,579	19,213,579	19,213,579	-
FUND BALANCES, END OF YEAR	$ 10,633,692	$ 10,433,593	$ 22,925,587	$ 12,491,994

CITY OF THE COLONY, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2021

BUDGETARY INFORMATION

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to July 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

3. The proposed budget is filed with the City Secretary not less than 30 days prior to the time the City Council approves the tax levy for the fiscal year commencing the following October 1. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. The City Manager has authority to transfer appropriation balances from one expenditure account to another within a single department of the City. Only the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another. Appropriations lapse at the end of the fiscal year.

An annual budget is legally adopted for the General Fund using accounting principles generally accepted in the United States of America in all material respects.

Expenditures exceeded appropriations in the general fund as follows during the year ended September 30, 2021:

- General administration ($163,812)
- City Secretary ($62,240)
- Human Resources ($38,949)
- Finance ($92,604)
- Fleet Services ($22,289)

THE COLONY
City by the Lake

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

THE
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DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds and interest from governmental resources.

EXHIBIT B-1

CITY OF THE COLONY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem tax	$ 8,532,600	$ 8,532,600	$ 8,915,448	$ 382,848
Investment income	75,000	75,000	3,745	(71,255)
Total revenues	8,607,600	8,607,600	8,919,193	311,593
EXPENDITURES				
Debt service:				
Principal retirement	5,377,101	5,377,101	5,377,101	-
Interest and fiscal charges	2,583,271	2,583,271	2,259,386	323,885
Total expenditures	7,960,372	7,960,372	7,636,487	323,885
Excess of revenues over expenditures	647,228	647,228	1,282,706	635,478
NET CHANGE IN FUND BALANCES	647,228	647,228	1,282,706	635,478
FUND BALANCE, BEGINNING OF YEAR	2,159,398	2,159,398	2,159,398	-
FUND BALANCE, END OF YEAR	$ 2,806,626	$ 2,806,626	$ 3,442,104	$ 635,478

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display, and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

Police Seized Fund – To account for funds seized by the police department that are awaiting disposition by the court.

Child Safety Fund – To account for child safety fees collected according to state statute to fund the school crossing guard program and other programs designed to enhance child safety, health or nutrition.

Storm Water Utility Fund – To account for the revenue and expenses associated with the drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donations Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No.1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No. 1.

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building that is externally restricted.

Pandemic Response – To account for revenues and expenditures related to the City of The Colony's funding and activity for emergency activity related to the COVID 19 pandemic.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court.

CITY OF THE COLONY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2021

	SPECIAL REVENUE						
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	POLICE FORFEITED FUND	FEDERAL SEIZED FUND	POLICE SEIZED FUND	CHILD SAFETY FUND
ASSETS							
Cash and cash equivalents	$ 1,298,689	$ 16,289	$ 309,282	$ 85,662	$ 12,935	35,546	$ 44,603
Accounts receivable	-	-	126,516		-	-	49,195
Prepaids	-	816	-	-	-	-	-
TOTAL ASSETS	$ 1,298,689	$ 17,105	$ 435,798	$ 85,662	$ 12,935	$ 35,546	$ 93,798
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	$ 21,240	$ 13,722	$ 54,405	$ 10,383	$ -	$ -	$ -
Unearned revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	21,240	13,722	54,405	10,383	-	-	-
FUND BALANCES							
Non spendable	-	816	-	-	-	-	-
Restricted	-	2,567	381,393	75,279	12,935	35,546	93,798
Committed	1,277,449	-	-	-	-	-	-
TOTAL FUND BALANCES	1,277,449	3,383	381,393	75,279	12,935	35,546	93,798
TOTAL LIABILITIES AND FUND BALANCES	$ 1,298,689	$ 17,105	$ 435,798	$ 85,662	$ 12,935	$ 35,546	$ 93,798

	SPECIAL REVENUE									
	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TRINITY NORTH MEDICAL	PANDEMIC RESPONSE	JUVENILE CASE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	$ 953,418	$ 284,927	$ 621	$ 1,997	$ 10,138	$ 981,884	$ 132,115	$ 3,065,277	$ 106,484	$ 7,339,867
	-	-	-	-	-	-	-	-	-	175,711
	-	-	-	-	-	-	-	-	-	816
	$ 953,418	$ 284,927	$ 621	$ 1,997	$ 10,138	$ 981,884	$ 132,115	$ 3,065,277	$ 106,484	$ 7,516,394
	$ -	$ 216	$ -	$ 162	$ -	$ 53,007	$ -	$ -	$ -	$ 153,135
	-	-	-	-	-	-	-	3,065,205	-	3,065,205
	-	216	-	162	-	53,007	-	3,065,205	-	3,218,340
	-	-	-	-	-	-	-	-	-	816
	953,418	284,711	621	1,835	10,138	928,877	132,115	72	106,484	3,019,789
	-	-	-	-	-	-	-	-	-	1,277,449
	953,418	284,711	621	1,835	10,138	928,877	132,115	72	106,484	4,298,054
	$ 953,418	$ 284,927	$ 621	$ 1,997	$ 10,138	$ 981,884	$ 132,115	$ 3,065,277	$ 106,484	$ 7,516,394

CITY OF THE COLONY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	SPECIAL REVENUE						
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	POLICE FORFEITED FUND	FEDERAL SEIZED FUND	POLICE SEIZED FUND	CHILD SAFETY FUND
REVENUES							
Licenses and permits	$ 505,630	$ -	$ -	$ -	$ -	$ -	$ -
Property and other taxes	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	3,354	-	73,138	-
Charges for services	-	-	-	-	-	-	-
Hotel / motel taxes	-	-	1,044,987	-	-	-	-
Gifts and contributions	287,320	-	-	-	-	-	-
Grants	-	-	-	-	-	-	50,952
Investment income	-	-	-	1	1	27	-
Miscellaneous	-	30,206	-	-	-	-	-
Total revenues	792,950	30,206	1,044,987	3,355	1	73,165	50,952
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Culture and recreation	255,897	557,739	1,924,998	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	-	-	-	24,410	-	-	30,534
Capital outlay	276,073	-	5,697	-	-	-	-
Total expenditures	531,970	557,739	1,930,695	24,410	-	-	30,534
Excess (deficiency) of revenues over (under) expenditures	260,980	(527,533)	(885,708)	(21,055)	1	73,165	20,418
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	490,000	115,000	56,271	-	-	-
Transfers to other funds	(35,000)	-	(450,000)	-	-	(56,271)	(10,000)
Total other financing sources (uses)	(35,000)	490,000	(335,000)	56,271	-	(56,271)	(10,000)
NET CHANGE IN FUND BALANCES	225,980	(37,533)	(1,220,708)	35,216	1	16,894	10,418
FUND BALANCES, BEGINNING OF YEAR	1,051,469	40,916	1,602,101	40,063	12,934	18,652	83,380
FUND BALANCES, END OF YEAR	$ 1,277,449	$ 3,383	$ 381,393	$ 75,279	$ 12,935	$ 35,546	$ 93,798

SPECIAL REVENUE									
STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TRINITY NORTH MEDICAL	PANDEMIC RESPONSE	JUVENILE CASE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
1,249,540	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,755,170
-	-	-	-	-	3,394	-	-	-	3,394
-	20,414	16,813	-	-	-	-	-	-	113,719
-	-	-	-	-	1,672,426	-	-	47,248	1,719,674
-	-	-	-	-	-	-	-	-	1,044,987
-	-	-	-	288	-	-	-	-	287,608
-	-	-	-	-	-	-	-	-	50,952
-	-	-	-	-	722	-	72	-	823
-	-	-	-	-	-	200,730	-	-	230,936
1,249,540	20,414	16,813	-	288	1,676,542	200,730	72	47,248	5,207,263
-	-	-	-	-	1,051,167	110,117	-	7,125	1,168,409
-	-	-	-	-	-	-	-	-	2,738,634
36,577	-	-	4,863	-	-	-	-	-	41,440
-	2,282	53,551	-	-	-	-	300	-	111,077
1,259,243	-	-	-	-	-	-	-	-	1,541,013
1,295,820	2,282	53,551	4,863	-	1,051,167	110,117	300	7,125	5,600,573
(46,280)	18,132	(36,738)	(4,863)	288	625,375	90,613	(228)	40,123	(393,310)
-	-	-	-	-	-	20,000	-	-	681,271
(150,000)	-	-	-	-	-	-	-	-	(701,271)
(150,000)	-	-	-	-	-	20,000	-	-	(20,000)
(196,280)	18,132	(36,738)	(4,863)	288	625,375	110,613	(228)	40,123	(413,310)
1,149,698	266,579	37,359	6,698	9,850	303,502	21,502	300	66,361	4,711,364
$ 953,418	$ 284,711	$ 621	$ 1,835	$ 10,138	$ 928,877	$ 132,115	$ 72	$ 106,484	$ 4,298,054

EXHIBIT C-3

CITY OF THE COLONY
LAKE PARKS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	$ 251,000	$ 251,000	$ 505,630	$ 254,630
Development contributions	100,000	100,000	287,320	187,320
Total revenues	351,000	351,000	792,950	441,950
EXPENDITURES				
Culture and recreation	184,647	292,400	255,897	36,503
Capital outlay	459,299	466,545	276,073	190,472
Total expenditures	643,946	758,945	531,970	226,975
Excess (deficiency) of revenues over (under) expenditures	(292,946)	(407,945)	260,980	668,925
OTHER FINANCING USES				
Transfers to other funds	-	-	(35,000)	(35,000)
Total other financing uses	-	-	(35,000)	(35,000)
NET CHANGE IN FUND BALANCES	(292,946)	(407,945)	225,980	633,925
FUND BALANCE, BEGINNING OF YEAR	1,051,469	1,051,469	1,051,469	-
FUND BALANCE, END OF YEAR	$ 758,523	$ 643,524	$ 1,277,449	$ 633,925

EXHIBIT C-4

CITY OF THE COLONY
SPECIAL EVENTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Miscellaneous	$ 62,000	$ 62,000	$ 30,206	$ (31,794)
Total revenues	62,000	62,000	30,206	(31,794)
EXPENDITURES				
Culture and recreation	592,390	592,390	557,739	34,651
Total expenditures	592,390	592,390	557,739	34,651
Excess (deficiency) of revenues over (under) expenditures	(530,390)	(530,390)	(527,533)	2,857
OTHER FINANING SOURCES				
Transfers from other funds	490,000	490,000	490,000	-
Total other financing sources	490,000	490,000	490,000	-
NET CHANGE IN FUND BALANCES	(40,390)	(40,390)	(37,533)	2,857
FUND BALANCE, BEGINNING OF YEAR	40,916	40,916	40,916	-
FUND BALANCE, END OF YEAR	$ 526	$ 526	$ 3,383	$ 2,857

EXHIBIT C-5

CITY OF THE COLONY
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Hotel / motel taxes	$ 900,000	$ 900,000	$ 1,044,987	$ 144,987
Total revenues	900,000	900,000	1,044,987	144,987
EXPENDITURES				
Culture and recreation	1,106,767	1,123,129	1,924,998	(801,869)
Capital outlay	-	-	5,697	(5,697)
Total expenditures	1,106,767	1,123,129	1,930,695	(807,566)
Deficiency of revenues under expenditures	(206,767)	(223,129)	(885,708)	(662,579)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	115,000	115,000	115,000	-
Transfers to other funds	(450,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	(335,000)	(335,000)	(335,000)	-
NET CHANGE IN FUND BALANCES	(541,767)	(558,129)	(1,220,708)	(662,579)
FUND BALANCE, BEGINNING OF YEAR	1,602,101	1,602,101	1,602,101	-
FUND BALANCE, END OF YEAR	$ 1,060,334	$ 1,043,972	$ 381,393	$ (662,579)

EXHIBIT C-6

CITY OF THE COLONY
CHILD SAFETY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Grants	$ 50,000	$ 50,000	$ 50,952	$ 952
Total revenues	50,000	50,000	50,952	952
EXPENDITURES				
Public safety	30,535	30,535	30,534	1
Total expenditures	30,535	30,535	30,534	1
Excess of revenues over expenditures	19,465	19,465	20,418	953
OTHER FINANCING USES				
Transfers to other funds	(10,000)	(10,000)	(10,000)	-
Total other financing uses	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCES	9,465	9,465	10,418	953
FUND BALANCE, BEGINNING OF YEAR	83,380	83,380	83,380	-
FUND BALANCE, END OF YEAR	$ 92,845	$ 92,845	$ 93,798	$ 953

EXHIBIT C-7

CITY OF THE COLONY
STORM WATER UTILITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	$ 650,000	$ 650,000	$ 1,249,540	$ 599,540
Total revenues	650,000	650,000	1,249,540	599,540
EXPENDITURES				
Public works	450,000	1,325,901	36,577	1,289,324
Capital outlay	1,500,000	1,565,023	1,259,243	305,780
Total expenditures	1,950,000	2,890,924	1,295,820	1,595,104
Excess (deficiency) of revenues over (under) expenditures	(1,300,000)	(2,240,924)	(46,280)	2,194,644
OTHER FINANCING USES				
Transfers to other funds	(150,000)	(150,000)	(150,000)	-
Total other financing uses	(150,000)	(150,000)	(150,000)	-
NET CHANGE IN FUND BALANCES	(1,450,000)	(2,390,924)	(196,280)	2,194,644
FUND BALANCE, BEGINNING OF YEAR	1,149,698	1,149,698	1,149,698	-
FUND BALANCE, END OF YEAR	$ (300,302)	$ (1,241,226)	$ 953,418	$ 2,194,644

DISCRETELY PRESENTED COMPONENT UNITS

The Colony Economic Development Corporation (TCEDC) – TCEDC is a legally separate entity from the City and was organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) – TCCDC is a legally separate entity from the City and was organized for the purpose of the promotion of economic development by developing, implementing, and financing projects under the Development Corporation Act of 1979.

The Colony Local Development Corporation (TCLDC) – The TCLDC is a legally separate entity from the City and was organized exclusively for the purpose of serving as the primary governing body for the funding of the Tax Increment Reinvestment Zone Number One public infrastructure between the City and NFM Services.

EXHIBIT F-1

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS	
Cash and cash equivalents	$ 12,822,889
Sales tax receivable	1,909,821
Restricted assets:	
Cash and cash equivalents	8,106,470
Total assets	$ 22,839,180
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	$ 1,331,883
Total liabilities	1,331,883
FUND BALANCES	
Restricted for:	
Construction	1,737,859
Unassigned	19,769,438
Total fund balance	21,507,297
Total liabilities and fund balances	$ 22,839,180

EXHIBIT F-2

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds	$	21,507,297
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		6,355,178
Interest payable on long term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(1,046,308)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
Bonds payable		(33,885,000)
Compensated absences		(95,576)
Discount on issuance of debt		1,475,018
Net position of governmental activities	$	(5,689,391)

EXHIBIT F-3

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	
Municipal sales tax	$ 8,669,463
Investment income	7,179
Total revenues	8,676,642
EXPENDITURES	
Current:	
Economic development	1,790,601
Debt service:	
Principal retirement	730,000
Interest and fiscal charges	2,256,688
Total expenditures	4,777,289
Excess of revenues over expenditures	3,899,353
NET CHANGE IN FUND BALANCES	3,899,353
FUND BALANCES, BEGINNING OF YEAR	17,607,944
FUND BALANCES, END OF YEAR	$ 21,507,297

EXHIBIT F-4

CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	$	3,899,353
Amounts reported for governmental activities in the statement of activities are different because:		
Current year amortization of discounts that does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(67,046)
Current year changes in accrued compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		(1,419)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.		730,000
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		13,230
Change in Net Position of Governmental activities	$	4,574,118

EXHIBIT F-5

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS	
Cash and cash equivalents	$ 6,068,394
Sales tax receivable	1,909,821
Prepaid items	189
Restricted assets:	
Cash and cash equivalents	8,109,721
Total assets	$ 16,088,125
LIABILITIES	
Accounts payable	$ 1,327,936
Total liabilities	1,327,936
FUND BALANCE	
Unassigned	14,760,189
Total fund balance	14,760,189
Total liabilities and fund balance	$ 16,088,125

EXHIBIT F-6

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds	$ 14,760,189
Amounts reported for governmental activities in the statement of net position are different because:	
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(1,021,413)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:	
Bonds payable	(28,335,000)
Discount on issuance of debt	1,475,017
Net position of governmental activities	$ (13,121,207)

EXHIBIT F-7

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES		
Municipal sales tax	$	8,669,463
Investment income		5,399
Miscellaneous		1,000
Total revenues		8,675,862
EXPENDITURES		
Current:		
Economic development		961,551
Debt service:		
Principal retirement		325,000
Interest and fiscal charges		2,054,200
Total expenditures		3,340,751
Excess of revenues over expenditures		5,335,111
FUND BALANCE, BEGINNING OF YEAR		9,425,078
FUND BALANCE, END OF YEAR	$	14,760,189

EXHIBIT F-8

CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	$	5,335,111
Amounts reported for governmental activities in the statement of activities are different because:		
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.		325,000
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(67,046)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		11,375
Change in Net Position of Governmental activities	$	5,604,440

EXHIBIT F-9

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS		
Restricted cash and cash equivalents	$	16,460,643
Total assets	$	16,460,643
LIABILITIES		
Accounts payable and accrued expenses	$	10,000
Total liabilities		10,000
FUND BALANCE		
Restricted for:		
Construction		(12,635,069)
Unrestricted		29,085,712
Total fund balance		16,450,643
Total liabilities and fund balance	$	16,460,643

EXHIBIT F-10

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
RECONCILITATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balance - governmental fund	$	16,450,643
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		22,321,911
Interest payable on long term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(3,343,586)
Prepaid insurance costs associated with the issuance of bonds are recorded as expenditures at the time of issuance in the governmental funds financial statements. In the government-wide financial statements, these costs are recorded as an asset and amortized into expense over the life of the debt.		3,713,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year end consist of:		
Bonds payable		(141,425,000)
Deferred loss on refunding		387,300
Discount on issuance of debt		28,804
Net position for governmental activities	$	(101,866,321)

EXHIBIT F-11

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	
Intergovernmental	$ 1,864,926
Municipal sales tax	8,214,324
Investment income	1,289
Total revenues	10,080,539
EXPENDITURES	
Current:	
General government	170,067
Economic development	7,000
Debt services:	
Principal retirement	3,010,158
Interest and fiscal charges	7,338,427
Cost of issuance	745,326
Total expenditures	11,270,978
Deficiency of revenues under expenditures	(1,190,439)
Other Financial Sources (Uses)	
Refunding debt issued	20,545,000
Payments to bond escrow agent	(18,367,142)
Total other financing sources (uses)	2,177,858
NET CHANGE IN FUND BALANCE	987,419
FUND BALANCE, BEGINNING OF YEAR	15,463,224
FUND BALANCE, END OF YEAR	$ 16,450,643

EXHIBIT F-12

CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - Local Development Corporation	$	987,419
Amounts reported for governmental activities in the statement of activities are different because:		
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(2,033)
Contributions of capital assets are not recorded in the governmental funds financial statements but they are recorded as an expense which reduces net position in the statement of activities.		
The issuance of long-term debt (e.g bonds) provides current financial resources of funds, while the repayment of the principal of long-term consumes the current financial resources. The amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond principal		3,010,158
Bond Issuance		(20,545,000)
Payments made to escrow agent to refund debt		18,367,142
Amortization of prepaid insurance on bonds		(142,831)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.		375,016
Change in net position of governmental activities	$	2,049,871

THE
COLONY
City by the Lake

STATISTICAL SECTION

THE
COLONY
City by the Lake

STATISTICAL SECTION
(Unaudited)

The City of the Colony's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		Tables
Financial Trends	These Schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
Demographic and Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-16
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the City provides and the activities it performs.	17-18

CITY OF THE COLONY, TEXAS
NET POSITION BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2012	**2013**	**2014**	**2015**
Governmental activities				
Net investment in capital assets	$ 124,203,756	$ 138,322,067	$ 192,477,376	$ 192,477,376
Restricted for:				
Debt service	616,551	491,954	1,257,148	1,257,148
Construction	-	-	367,397	367,397
Government funded construction costs	18,841,254	36,282,548	578,825	578,825
Other	-	-	1,014,418.00	1,014,418
Unrestricted	18,856,491	8,376,946	10,388,094	10,388,094
Total governmental activities net position	$ 162,518,052	$ 183,473,515	$ 206,083,258	$ 206,083,258
Business-type activities				
Net investment in capital assets	$ 34,435,853	$ 35,059,168	$ 40,490,252	$ 40,490,252
Restricted for:				
Debt service	1,630,663	1,630,805	-	-
Construction	-	-	1,333,988	1,333,988
Government funded construction costs	-	-	-	-
Unrestricted	6,214,403	4,984,955	3,890,445	3,890,445
Total business-type activities net position	$ 42,280,919	$ 41,674,928	$ 45,714,685	$ 45,714,685
Primary government				
Net investment in capital assets	$ 158,639,609	$ 173,381,235	$ 232,967,628	$ 232,967,628
Restricted for:				
Debt service	2,247,214	2,122,759	1,257,148	1,257,148
Construction	-	-	1,701,385.00	1,701,385
Governmental funded construction costs	18,841,254	36,282,548	578,825	578,825
Other	-	-	1,014,418.00	1,014,418
Unrestricted	25,070,894	13,361,901	14,278,539	14,278,539
Total primary governmental net position	$ 204,798,971	$ 225,148,443	$ 251,797,943	$ 251,797,943

Source: Annual Comprehensive Financial Report

TABLE 1

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 216,941,085	$ 204,138,146	$ 193,724,440	$ 197,783,498	$ 198,340,131	$ 200,374,394
1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352
367,397	367,397	-	-	-	-
791,860	1,729,804	4,716,830	4,538,583	6,866,640	4,130,506
1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009
17,693,194	8,666,844	8,704,028	5,535,911	8,170,872	10,102,289
$ 238,884,341	$ 217,613,784	$ 210,360,922	$ 212,416,847	$ 218,839,314	$ 223,195,550
$ 25,654,373	$ 97,282,865	$ 103,990,659	$ 103,881,697	$ 105,088,143	$ 105,104,266
-	-	-	-	-	-
1,413,437	2,323,551	-	-	-	-
-	-	2,482,944	2,039,020	1,704,315	1,074,088
17,934,272	2,128,657	4,887,549	7,666,343	6,525,997	6,542,891
$ 45,002,082	$ 101,735,073	$ 111,361,152	$ 113,587,060	$ 113,318,455	$ 112,721,245
$ 242,595,458	$ 301,421,011	$ 297,715,099	$ 301,665,195	$ 303,428,274	$ 305,478,660
1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352
1,780,834	2,690,948	-	-	-	-
791,860	1,729,804	7,199,774	6,577,603	8,570,955	5,204,594
1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009
35,627,466	10,795,501	13,591,577	13,202,254	14,696,869	16,645,180
$ 283,886,423	$ 319,348,857	$ 321,722,074	$ 326,003,907	$ 332,157,769	$ 335,916,795

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	$ 5,088,732	$ 5,376,865	$ 4,657,245	$ 8,498,744
Public safety	13,033,809	13,307,649	14,111,478	13,702,805
Public works	6,540,099	5,901,952	6,365,189	6,634,461
Culture and recreation	4,383,077	4,603,345	4,861,085	4,945,616
Interest on Long-term Debt	2,262,515	1,718,298	1,615,808	1,552,854
Total governmental activities expenses	31,308,232	30,908,109	31,610,805	35,334,480
Business-type activities:				
Water and sewer	13,262,154	14,009,946	14,046,013	15,332,384
Total business-type activities expenses	13,262,154	14,009,946	14,046,013	15,332,384
Total primary government expenses	$ 44,570,386	$ 44,918,055	$ 45,656,818	$ 50,666,864
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 1,382,069	$ 1,820,291	$ 817,907	$ 677,339
Public safety	1,467,787	1,269,844	1,909,552	1,621,361
Public works	-	-	1,734,579.00	3,308,308
Culture and recreation	691,786	1,249,298	738,844	758,969
Operating grants and contributions	14,574,876	22,019,655	2,673,886	5,712,865
Capital grants and contributions	2,766,960	2,899,255	8,730,508	11,365,061
Total governmental activities program revenues	20,883,478	29,258,343	16,605,276	23,443,903
Business-type activities:				
Charges for Services:				
Water and sewer	13,646,312	13,579,477	14,406,435	15,210,296
Operating grants and contributions	-	-	51,745.00	306,999
Capital grants and contributions	676,404	1,338,003	1,572,935	5,055,328
Total business-type activities program revenues	14,322,716	14,917,480	16,031,115	20,572,623
Total primary government program revenues	$ 35,206,194	$ 44,175,823	$ 32,636,391	$ 44,016,526
Net (Expenses) Revenues				
Governmental activities	$ (10,424,754)	$ (1,649,766)	$ (15,005,529)	$ (11,890,577)
Business-type activities	1,060,562	907,534	1,985,102	5,240,239
Total primary government net expenses	$ (9,364,192)	$ (742,232)	$ (13,020,427)	$ (6,650,338)

Source: Annual Comprehensive Financial Report

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 11,225,704	$ 13,083,945	$ 17,442,292	$ 15,928,203	$ 14,646,729	$ 15,835,564
17,950,628	19,078,137	19,917,944	24,524,067	24,600,147	25,340,611
6,601,440	33,589,099	15,129,445	9,100,156	8,179,035	10,425,482
5,171,748	5,504,249	6,011,423	6,377,301	5,979,977	7,818,786
1,390,574	1,731,842	1,729,008	2,254,447	1,717,586	1,825,404
42,340,094	72,987,272	60,230,112	58,184,174	55,123,474	61,245,847
16,750,973	19,040,918	19,670,658	20,447,636	23,452,375	27,240,190
16,750,973	19,040,918	19,670,658	20,447,636	23,452,375	27,240,190
$ 59,091,067	$ 92,028,190	$ 79,900,770	$ 78,631,810	$ 78,575,849	$ 88,486,037
$ 3,608,782	$ 1,927,505	$ 2,389,337	$ 2,655,534	$ 2,354,343	$ 3,273,887
1,546,836	1,643,454	1,966,757	1,906,360	1,785,388	2,062,419
2,213,005	2,292,974	2,245,868	2,045,067	1,790,935	1,558,430
764,819	813,238	821,582	859,582	450,878	888,746
3,268,620	2,641,513	103,553	1,846,995	2,779,572	352,792
25,670,242	10,303,953	10,158,807	5,869,468	5,086,196	6,233,192
37,072,304	19,622,637	17,685,904	15,183,006	14,247,312	14,369,466
15,959,047	17,724,046	20,009,706	18,885,913	20,656,614	22,386,290
307,161	306,545	-	-	-	-
6,426,313	53,449,568	3,622,560	2,663,115	2,283,690	3,836,581
22,692,521	71,480,159	23,632,266	21,549,028	22,940,304	26,222,871
$ 59,764,825	$ 91,102,796	$ 41,318,170	$ 36,732,034	$ 37,187,616	$ 40,592,337
$ (5,267,790)	$ (53,364,635)	$ (42,544,208)	$ (43,001,168)	$ (40,876,162)	$ (46,876,381)
5,941,548	52,439,241	3,961,608	1,101,392	(512,071)	(1,017,319)
$ 673,758	$ (925,394)	$ (38,582,600)	$ (41,899,776)	$ (41,388,233)	$ (47,893,700)

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 14,797,974	$ 14,926,095	$ 15,561,110	$ 17,277,344
Sales taxes	3,655,111	4,098,458	4,452,674	5,294,228
Franchise taxes	3,104,073	2,205,461	2,415,524	2,672,475
Hotel motel taxes	370,798	425,177	473,743	525,449
Penalties and interest	155,272	98,147	58,769	130,513
Interest on investments	50,088	43,567	19,516	19,660
Miscellaneous	-	501,649	706,755	763,871
Transfers	1,247,859	1,282,318	652,385	2,004,806
Total governmental activities	23,381,175	23,580,872	24,340,476	28,688,346
Business-type activities:				
Interest on investments	16,263	8,093	3,056	14,125
Miscellaneous	194,729	441,338	-	-
Transfers	(1,247,859)	(1,282,318)	(652,385)	(2,004,806)
Total business-type activities	(1,036,867)	(832,887)	(649,329)	(1,990,681)
Total primary government	22,344,308	22,747,985	23,691,147	26,697,665
Change in Net Position				
Governmental activities	21,731,409	8,575,343	12,449,899	23,420,556
Business-type activities	(129,333)	1,152,215	4,590,910	3,950,867
Total primary government	$ 21,602,076	$ 9,727,558	$ 17,040,809	$ 27,371,423

Source: Annual Comprehensive Financial Report

Note: Significant decrease in public works expense in FY2018 due to prior year $26 million contribution of capital assets to Texas Department of Transportation.

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 21,204,646	$ 24,719,070	$ 27,584,526	$ 31,092,818	$ 34,456,249	$ 36,510,300
5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676
2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283
668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987
294,798	125,543	133,895	108,472	114,898	96,423
102,126	256,672	729,690	1,075,171	429,498	26,889
792,311	838,429	1,521,033	895,376	1,236,307	1,715,059
6,742,192	(4,088,203)	(5,397,569)	(474,486)	3,633	(400,000)
38,068,873	32,094,078	35,903,351	45,057,093	47,298,629	51,232,617
88,041	205,547	356,102	650,030	247,099	20,069
-	-	-	-	-	-
(6,742,192)	4,088,203	5,397,569	474,486	(3,633)	400,000
(6,654,151)	4,293,750	5,753,671	1,124,516	243,466	420,069
31,414,722	36,387,828	41,657,022	46,181,609	47,542,095	51,652,686
32,801,083	(10,450,130)	(7,097,817)	(1,109,507)	6,422,467	4,356,236
(712,603)	8,255,358	6,855,063	107,197	(268,605)	(597,250)
$ 32,088,480	$ (2,194,772)	$ (242,754)	$ (1,002,310)	$ 6,153,862	$ 3,758,986

CITY OF THE COLONY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2012	**2013**	**2014**	**2015**
General Fund				
Restricted for tourism	$ -	$ -	$ -	$ -
Restricted for capital projects	-	-	367,397	367,397
Nonspendable	112,876	99,785	87,434	109,169
Unassigned	7,407,174	8,307,886	10,458,525	12,622,396
Total general fund	$ 7,520,050	$ 8,407,671	$ 10,913,356	$ 13,098,962
All Other Governmental Funds				
Restricted for:				
Capital Projects	$ 30,118,151	$ 38,356,081	$ 12,241,468	$ 3,284,839
Debt Service	616,551	491,954	650,022	1,390,478
Other	901,645	915,493	1,014,418	801,546
Committed	268,589	422,302	4,208,038	5,566,517
Nonspendable	-	-	-	-
Unassigned	-	-	-	(1,230,851)
Total all other governmental funds	$ 31,904,936	$ 40,185,830	$ 18,113,946	$ 9,812,529

Source: Annual Comprehensive Financial Report

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ -	$ -	$ -	$ -	$ -	$ 2,385,220
367,397	367,397	-	-	-	-
284,122	313,070	110,389	295,737	527,373	705,043
13,275,540	13,503,540	14,396,285	15,213,908	18,686,206	19,835,324
$ 13,927,059	$ 14,184,007	$ 14,506,674	$ 15,509,645	$ 19,213,579	$ 22,925,587
$ 790,306	$ 1,729,804	$ 20,717,454	$ 18,082,244	$ 19,229,949	$ 20,344,096
1,922,262	1,133,536	1,159,562	1,183,290	2,159,398	3,442,104
1,261,149	1,681,336	2,313,497	3,694,856	3,659,079	3,019,789
10,688,119	11,099,306	1,386,721	963,305	1,051,469	1,277,449
5,565.00	5,294	931	13,532	1,032	1,032
-	-	-	(20,716)	-	-
$ 14,667,401	$ 15,649,276	$ 25,578,165	$ 23,916,511	$ 26,100,927	$ 28,084,470

CITY OF THE COLONY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Ad valorem taxes, penalties and interest	$ 15,002,544	$ 14,935,642	$ 15,487,211	$ 17,708,151
Franchise taxes	2,266,213	2,205,461	2,415,524	2,672,475
Municipal sales tax	3,655,111	4,098,458	4,452,674	5,294,228
Licenses and permits	1,382,069	1,820,291	2,548,914	4,076,413
Charges for services	998,347	1,249,298	1,308,917	1,248,868
Fines and forfeitures	1,161,226	1,269,844	1,343,051	1,040,696
Grants	232,186	465,057	309,622	326,685
Gifts and contributions	1,899,880	2,175,919	2,700,591	5,881,783
Hotel / motel taxes	370,798	425,177	473,473	525,449
Capital recovery fees	14,574,876	21,519,655	6,712,194	1,090,071
Interest earned	50,088	43,567	19,516	19,660
Miscellaneous	837,860	501,649	706,755	770,156
Total revenues	42,431,198	50,710,018	38,478,442	40,654,635
EXPENDITURES				
Current				
General government	4,068,715	4,264,620	3,956,996	4,738,905
Public safety	12,277,603	12,374,865	12,797,691	13,950,864
Public works	7,156,968	2,001,302	2,181,484	3,204,557
Cultural and recreation	4,561,579	4,155,473	4,233,864	4,435,393
Fleet replacement				
Economic development				
Capital Outlay	109,838	16,283,998	30,700,864	20,723,176
Debt Service:				
Principal retirement	4,434,919	4,195,250	4,066,150	4,255,146
Interest and fiscal charges	2,245,051	1,550,643	1,647,599	1,638,941
Other debt service costs	140,574	117,838	25,169	55,015
Total expenditures	34,995,247	44,943,989	59,609,817	53,001,997
Excess (deficiency) of revenues over (under) expenditures	7,435,951	5,766,029	(21,131,375)	(12,347,362)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	2,073,533	-	3,040,800
Issuance of refunding debt	6,056,900	2,795,693	-	-
Payment of escrow for refunding debt	(6,076,552)	(3,120,000)	-	-
Premium on issuance of debt	160,226	370,942	-	250,945
Proceeds from sale of capital assets	-	-	-	935,000
Transfers from other funds	7,190,015	2,754,588	3,718,125	5,277,829
Transfers to other funds	(5,632,816)	(1,472,270)	(2,153,219)	(3,273,023)
Total other financing sources (uses)	1,697,773	3,402,486	1,564,906	6,231,551
NET CHANGE IN FUND BALANCES	$ 9,133,724	$ 9,168,515	$ (19,566,469)	$ (6,115,811)
Debt service as a percentage of noncapital expenditures	19.6%	20.6%	19.8%	17.8%

Source: Annual Comprehensive Financial Report

TABLE 4

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 21,257,383	$ 24,665,737	$ 28,073,387	$ 31,208,682	$ 34,517,810	$ 36,550,929
2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283
5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676
3,113,013	3,150,756	3,183,516	3,328,364	3,203,525	3,259,282
4,150,248	2,672,368	3,245,584	3,267,327	2,478,974	3,687,233
870,181	854,047	984,744	891,132	704,360	836,303
316,672	412,631	102,554	339,562	2,779,166	352,504
3,252,323	2,445,113	4,712,701	3,686,808	3,889,559	1,242,904
668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987
2,518,123	1,495,213	905,300	856,880	-	-
102,126	256,672	729,690	1,075,171	429,498	26,889
792,311	838,429	1,521,033	2,982,496	1,236,607	1,715,059
45,305,180	47,033,533	54,790,285	59,996,164	60,297,543	60,955,049
7,739,892	9,005,102	12,787,913	12,251,044	10,433,755	11,603,911
15,162,864	16,904,990	18,538,271	22,225,377	22,666,732	24,504,443
3,480,223	4,119,371	3,955,801	5,312,936	4,599,940	6,243,114
4,473,519	4,803,444	5,370,608	5,621,488	5,105,872	7,035,533
9,801,947	12,722,830	8,985,109	19,677,151	7,750,112	6,059,106
3,985,693	3,945,295	4,485,630	6,785,263	5,675,101	5,377,101
1,485,036	1,885,328	2,044,983	2,355,272	1,993,814	2,259,386
272,250	269,752	194,643	148,434	186,184	147,333
46,401,424	53,656,112	56,362,958	74,376,965	58,411,510	63,229,927
(1,096,244)	(6,622,579)	(1,572,673)	(14,380,801)	1,886,033	(2,274,878)
-	9,204,000	12,726,000	13,242,170	9,652,460	7,587,000
9,023,150	-	-	-	1,708,838	-
(9,623,402)	-	-	-	(7,362,614)	-
637,273	-	533,188	954,434	-	783,429
-	731,402	-	-	-	-
14,488,155	3,332,936	13,769,908	890,075	3,172,092	797,271
(7,745,963)	(5,406,936)	(15,204,867)	(1,364,561)	(3,168,459)	(1,197,271)
6,779,213	7,861,402	11,824,229	13,722,118	4,002,317	7,970,429
$ 5,682,969	$ 1,238,823	$ 10,251,556	$ (658,683)	$ 5,888,350	$ 5,695,551
15.6%	14.0%	13.7%	16.7%	15.1%	11.4%

TABLE 5

CITY OF THE COLONY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITIED)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farm Property	Less: Tax Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[b] as a Percentage of Actual Value
2012	$ 1,601,232,947	$ 665,867,076	$ 151,296,903	$ 262,401,818	$ 2,155,995,108	$0.68300	$ 2,155,995,108	100.00%
2013	1,570,595,410	725,097,869	119,916,725	235,621,588	2,179,988,416	$0.68000	2,179,988,416	100.00%
2014	1,639,008,480	850,183,936	97,622,211	279,763,849	2,307,050,778	$0.67750	2,307,050,778	100.00%
2015	1,825,181,743	1,096,166,239	99,116,629	395,343,379	2,625,121,232	$0.67250	2,625,121,232	100.00%
2016	2,049,580,033	1,366,491,362	80,496,674	396,069,625	3,100,498,444	$0.67000	3,100,498,444	100.00%
2017	2,402,844,301	1,657,374,018	79,968,769	522,157,525	3,618,029,563	$0.66750	3,618,029,563	100.00%
2018	2,759,088,028	1,754,755,888	73,977,449	513,136,124	4,074,685,241	$0.66500	4,074,685,241	100.00%
2019	3,163,815,052	1,818,858,009	67,568,663	524,193,007	4,526,048,717	$0.66250	4,526,048,717	100.00%
2020	3,457,125,117	2,203,156,158	57,600,863	550,243,309	5,167,638,829	$0.66000	5,167,638,829	100.00%
2021	3,701,008,231	2,496,989,390	57,945,301	530,447,361	5,725,495,561	$0.65000	5,725,495,561	100.00%

Source: City of The Colony Budget Document
Denton Central Appraisal District

Note: The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls.
[b] Includes tax exempt property.

TABLE 6

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)

	City Direct Rates			Overlapping Rates	
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County
2012	0.47997	0.20303	0.68300	1.426	0.27736
2013	0.46026	0.21974	0.68000	1.453	0.28287
2014	0.45902	0.21848	0.67750	1.477	0.28491
2015	0.47634	0.19616	0.67250	1.477	0.27220
2016	0.51036	0.15964	0.67000	1.420	0.26200
2017	0.56420	0.10330	0.66750	1.420	0.24841
2018	0.51500	0.15000	0.66500	1.408	0.23781
2019	0.50250	0.16000	0.66250	1.338	0.22557
2020	0.49550	0.16450	0.66000	1.347	0.22499
2021	0.49500	0.16000	0.65500	1.309	0.23309

Source: Lewisville ISD and Denton County.

CITY OF THE COLONY, TEXAS
PRINCIPAL TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2021		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[a]**
LMG Ventures LLC	$210,362,316	1	3.67%
TXFM Inc	119,857,195	2	2.09%
Hudson MF LLC	86,000,000	3	1.50%
Residences of Lake District No. I LTD	79,685,043	4	1.39%
Austin Ranch Phase VI Investors LLC	76,000,001	5	1.33%
AR No. 5 LLC	69,300,001	6	1.21%
TXFM Inc	64,044,365	7	1.12%
AR Phase 1 LLC	62,500,000	8	1.09%
The Residences of Austin Ranch No 4 M LLC	61,000,000	9	1.07%
AR Phase 2 LLC	56,000,001	10	0.98%
AR No. 5, LLC	-		-
Residences of Austin Ranch Ph IV LTD	-		-
Residences of Austin Ranch PH I	-		-
Residences of Austin Ranch Ph II	-		-
Residences of Austin Ranch PH I-IV LTD	-		-
Bristol Oaks Apartments P/S II LP	-		-
Wal-Mart	-		-
Wynnwood Peninsula Venture	-		-
Oncor Electric Delivery	-		-
Jackson-Shaw/Cascades Fall Water LP	-		-
	$884,748,922		15.45%

Source: City of The Colony Budget Document and the Denton Central Appraisal District.

Note: [a] Taxpayers are assessed on January 1, 2017 (2017 tax year) for the 2018 fiscal year.

2012		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value[a]
$45,920,104	1	2.13%
40,250,000	2	1.87%
37,855,303	3	1.76%
36,900,000	4	1.71%
36,301,993	5	1.68%
32,400,000	6	1.50%
23,000,000	7	1.07%
22,539,804	8	1.05%
17,837,000	9	0.83%
15,100,000	10	0.70%
$308,104,204		14.30%

TABLE 8

CITY OF THE COLONY, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 14,725,447	$ 14,671,313	99.63%	$ 4,182	$14,675,495	99.66%
2013	14,857,405	14,770,162	99.41%	36,042	14,806,204	99.66%
2014	15,754,513	15,648,851	99.33%	48,993	15,697,844	99.64%
2015	17,809,441	17,649,319	99.10%	88,356	17,737,675	99.60%
2016	20,872,716	20,755,698	99.44%	25,239	20,780,937	99.56%
2017	24,520,957	24,217,306	98.76%	-	24,217,306	98.76%
2018	27,828,610	27,751,152	99.72%	-	27,751,152	99.72%
2019	31,386,802	31,261,237	99.60%	-	31,261,237	99.60%
2020	34,852,870	34,705,073	99.58%	-	34,705,073	99.58%
2021	36,655,750	36,643,619	99.97%	-	36,643,619	99.97%

Source: Denton County Tax Assessor and Collector

Note: [a] Taxpayers are assessed on January 1, 2019 (2019 tax year) for the 2020 fiscal year.

TABLE 9

CITY OF THE COLONY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premiums/ Discounts	Water and Sewer Revenue Bonds	Other Obligations	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2012	$ 23,505,550	$ 24,097,222	-	-	$ 14,545,000	-	-	$ 62,147,772	3.82%	$ 1,360
2013	23,778,250	18,900,000	-	1,832,546	990,000	39,830,699	2,356,256	87,687,751	5.31%	1,896
2014	21,140,410	18,023,500	-	4,920,460	-	36,341,435	2,766,448	83,192,253	5.04%	1,849
2015	18,087,560	19,947,850	849,154.00	1,847,216	-	52,177,845	4,012,577	96,922,202	5.88%	2,154
2016	19,344,210	14,765,000	767,611	2,106,044	-	59,333,395	4,130,875	100,447,135	6.09%	2,271
2017	16,580,250	22,872,150	683,127	2,592,781	-	63,537,195	4,434,849	110,700,352	6.93%	2,621
2018	15,711,300	37,356,650	595,597	3,260,811	-	56,917,050	3,724,154	117,565,562	7.23%	2,793
2019	11,518,300	46,861,850	1,740,304	3,808,516	-	59,489,850	3,889,886	127,308,706	7.21%	2,854
2020	12,988,300	39,038,100	1,227,460	5,449,889	-	66,366,846	5,398,212	130,468,807	7.39%	2,925
2021	16,406,504	47,832,600	698,539	4,917,141	-	67,209,796	4,878,969	141,943,549	5.67%	2,568

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table 14 for personal income and population data.

TABLE 10

CITY OF THE COLONY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premium/ Discount	Less: Debt Service	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2012	$ 23,505,550	$ 24,097,222	-	-	$ 2,247,214	$ 45,355,558	2.10%	$ 992
2013	23,778,250	21,256,051	-	1,832,546	2,122,759	44,744,088	2.05%	967
2014	21,585,733	19,320,803	-	4,920,460	1,257,148	44,569,848	1.93%	990
2015	18,087,560	19,947,850	849,154	1,847,216	1,257,148	39,474,632	1.50%	877
2016	19,344,210	14,765,000	767,611	2,106,044	1,826,579	35,156,286	1.13%	795
2017	16,580,250	22,872,150	683,127	2,592,781	1,027,528	41,700,780	1.15%	988
2018	15,711,300	37,356,650	595,597	3,260,811	902,127	56,022,231	1.37%	1,331
2019	11,518,300	46,861,850	1,740,304	3,808,516	863,999	63,064,971	1.39%	1,414
2020	15,406,504	40,245,600	1,227,459	4,463,515	2,159,398	59,183,680	1.15%	1,327
2021	12,823,723	45,567,200	698,539	4,695,639	5,410,482	58,374,619	1.12%	1,168

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 14 for population data.

TABLE 11

CITY OF THE COLONY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Tax Rate Limit	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50
Current Tax Rate	0.683	0.680	0.678	0.673	0.670	0.668	0.665	0.6625	0.6600	0.6550
Available Tax Rate	$1.82	$1.82	$1.82	$1.83	$1.83	$1.83	$1.84	$1.84	$1.84	$1.84

Note: The City Charter of the City of The Colony, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2021 (UNAUDITED)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	The Colony Share of Overlapping Debt
Lewisville I.S.D.	$1,200,000,000	12.23%	$ 146,760,000
Little Elm I.S.D.	330,441,408	5.33%	17,612,527
Denton County	571,605,000	1.70%	9,717,285
	2,102,046,408		174,089,812
City of The Colony (direct debt)	110,061,018	100.00%	110,061,018
Total direct and overlapping debt	$2,212,107,426		$ 284,150,830

Source: Assessed value data used to estimate applicable percentages provided by Denton Central Appraisal District. Debt outstanding data provided by each governmental unit.

[a] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13

CITY OF THE COLONY, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2012	$ 13,925,260	$ 8,660,247	$ 5,265,013	$ 4,265,022	1.23
2013	14,800,804	9,425,182	5,375,622	4,588,214	1.17
2014	15,013,195	9,871,033	5,142,162	1,795,023	2.86
2015	16,676,674	10,358,961	6,317,713	1,865,816	3.39
2016	16,354,249	11,636,866	4,717,383	2,840,353	1.66
2017	18,236,138	12,543,069	5,693,069	3,263,180	1.74
2018	20,365,808	12,730,553	7,635,255	3,088,754	2.47
2019	19,535,943	13,386,788	6,149,155	2,158,400	2.85
2020	20,903,713	15,514,368	5,389,345	2,159,669	2.50
2021	22,406,359	21,419,458	986,901	5,580,095	0.18

Note: [a] Includes operating and non-operating revenues.
[b] Includes operating expenses minus depreciation.
[c] Includes Principal and Interest.

TABLE 14

CITY OF THE COLONY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	Median Age[b]	Median Household Income[b]	School Enrollment[c]	Unemployment Rate[d]
2012	$ 45,700	$ 1,535,657,100	$ 33,603	33	$ 76,663	6,472	7.0%
2013	46,248	1,639,954,080	35,460	30	62,738	6,688	7.0%
2014	45,000	1,627,605,000	36,169	33	73,842	6,714	5.5%
2015	45,000	1,652,040,000	36,712	35	74,162	6,739	3.2%
2016	44,228	1,648,067,964	37,263	35.5	93,076	6,718	3.5%
2017	42,228	1,597,147,416	37,822	35.5	83,877	6,656	3.4%
2018	42,090	1,625,347,440	38,616	34.9	84,769	6,451	3.3%
2019	44,610	1,766,065,290	39,589	35.5	84,469	6,250	3.1%
2020	44,610	1,766,065,290	39,589	35.5	107,620	6,031	3.3%
2021	55,000	2,489,135,000	45,257	35.7	87,748	5,712	4.0%

Sources: [a] Estimated Population - City of The Colony

[b] Per Capital Income, Median Age & Median Household Income - City of The Colony Economic Development Corporation

[c] School enrollment - Texas Education Agency

[d] Unemployment - Texas Workforce Commission

Note: Personal income is calculated by multiplying estimated population by per capita personal income.

TABLE 15

CITY OF THE COLONY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO (UNAUDITED)

	2021			2012		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Nebraska Furniture Mart	1,750	1	6.87%	2,200	1	10.11%
Lewisville ISD	687	2	2.70%	690	2	3.17%
Scheels	450	3	1.77%	-		0.00%
City of The Colony	396	4	1.56%	387	4	1.78%
Wal-Mart	345	5	1.36%	353	5	1.62%
Top Golf	220	6	0.86%	450	3	2.07%
Hawaiian Falls	208	7	0.82%	230	6	1.06%
Home Depot	100	8	0.39%	112	9	0.51%
Quest Resource Mgmt	100	9	0.39%	120	8	0.55%
Texas Roadhouse	90	10	0.35%	-		0.00%
Williams Sonoma	-		0%	170	7	0.78%
Edward Don	-		0%	100	10	0.46%
	4,346		17.07%	4,812		22.11%

Source: City of The Colony Economic Development Corporation

TABLE 16

CITY OF THE COLONY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	43	43	44	30	31	34	34	38	32	34
Public safety	140	140	141	142	151	165	174	187	198	204
Public works	37	37	36	42	45	47	49	59	52	53
Culture and recreation	38	38	39	38	38	35	35	37	41	41
Water/wastewater/ Utilities	28	28	28	37	37	40	40	38	47	49
Total	286	286	288	289	302	321	332	359	370	381

Sources: City of The Colony Budget Document

THE
COLONY
City by the Lake

CITY OF THE COLONY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2012	2013	2014	2015
Police				
Number of police officers	53	53	53	58
Number of violations (citations)	11,619	11,619	12,839	5,932
Municipal Court				
Number of traffic cases	11,532	11,532	12,980	6,979
Number of city ordinance cases	467	467	327	404
Fire				
Number of fire fighters	50	50	51	58
Number of paramedics	-	-	-	-
Number of emergency fire responses	568	568	720	864
Number of medical emergencies	1,774	1,774	1,856	2,127
Development Services				
Total number of building permits[a]	2,508	2,508	3,982	272
Estimated valuation[a]	$59,077,321	$59,077,321	$198,981,751	$173,859,498
Parks and Recreation				
Number of acres	983	983	983	983
Number of recreation center participants	43,083	43,083	43,083	50,654
Library				
Volumes in collection[b]	89,385	89,385	111,077	115,256
Number of library cardholders	20,453	20,453	19,175	18,498
Water and wastewater				
Number of water accounts	11,881	11,881	12,213	12,532
Average daily water consumption (millions of gallons)	4.57	4.57	4.28	4.70
Average daily effluent (millions of gallons)	2.34	2.34	2.89	2.82

Sources: City Departments

Notes: [a] Includes residential and commercial permits

[b] Includes books and media.

TABLE 17

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
60	60	6	72	74	79
13,935	13,986	15,232	11,718	5,742	5,080
5,298	9,480	11,264	11,264	2,888	4,519
226	805	860	860	132	141
58	64	78	66	64	71
-	-	-	16	18	14
864	860	909	894	867	1,358
2,127	2,365	2,370	2,425	2,443	2,773
277	2,556	4,127	4,216	2,394	3,219
$127,234,464	$213,756,755	$271,621,030	$394,232,000	$47,041,844	$68,718,187
983	983	983	983	983	984
52,424	41,595	44,789	44,789	26,843	43,350
117,538	111,150	121,926	93,919	97,716	92,918
18,042	17,291	16,725	19,101	20,534	21,770
12,893	13,285	13,626	13,864	14,161	14,335
4.97	5.10	5.47	5.46	5.46	5.13
2.74	1,070.00	1.00	1	1	1.28

TABLE 18

CITY OF THE COLONY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Public Safety										
Fire Stations	3	3	3	3	3	3	3	4	4	4
Police Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	27	27	27	27	27	27	27	27	27	27
Number of baseball diamonds	11	11	11	11	11	11	11	11	15	15
Number of soccer/football fields	16	16	16	16	16	16	16	16	15	15
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water and wastewater										
Water mains (miles)	197	197	209	212	216	194	195	199	201	203
Sanitary sewer mains (miles)	207	207	207	210	213	206	207	210	212	214
Fire hydrants	1,420	1,420	1,536	1,637	1,680	1,795	1,824	1,850	1,925	1,955

Sources: City Departments

Notes: [a] Includes residential and commercial permits

[b] Includes books and media.